MONDAY SPORTS
SUNDAY BASEBALL
Page 18

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SERIALS DEPARTMENT

U.S. Rejects Baghdad's Offer to Free Hostages in Exchange for a Pullout

Foreigners Urged To Resist Roundup

London and Washington Refuse To Order Their Citizens to Comply

Compiled by Our Staff From Dispatches

WASHINGTON — The United States has told Iraq that it would not order Americans in Kuwait to obey an Iraqi call to assemble at designated hotels, a State Department official said Sunday.

In London, the Foreign Office advised Britons to stay at home. Belgium did the same.

Diplomats said that some Western citizens were already being moved to potential military targets as human shields. The Iraqi ambassador to France told British television, "I know for sure that some of your foreign nationals have already been distributed on the strategic sites and industrial sites in Iraq."

France protested the scattering of 27 French nationals in Iraq. The Foreign Ministry said Sunday that at least 26 French nationals in Baghdad and one in Kuwait had been moved from their hotels to unknown locations.

Iraq said Saturday that it would move the thousands of Westerners in Iraq and Kuwait to military and civilian installations and hold them there until the danger of war in the Gulf was over.

In Bonn, the Foreign Ministry said Sunday that Iraq was believed to have moved a small number of West Germans and other foreigners from Kuwait into Iraq.

A spokesman said the West Germans, along with a larger group of other Westerners, was believed headed for the Iraq border to the city of Asra.

The spokesman said officials believed Asra was being used as a collection point for Westerners.

Robert M. Kimmitt, a U.S. undersecretary of state for political affairs, said in a television interview in Washington that there was no confirmation yet that the Iraqis were carrying through on threats to move foreigners to vital targets.

He said the State Department was urging the estimated 3,000 Americans trapped in Iraq and occupied Kuwait to stay in their homes but not to resist if Iraqi authorities tried to move them.

Mr. Kimmitt said the State Department was not sure of the whereabouts of 35 Americans the Iraqis moved from the Rashid Hotel in Baghdad.

Thomas R. Pickering, the U.S. ambassador to the United Nations, said that President Saddam Hussein of Iraq had made it clear that "he was going to hold hostage all foreigners."

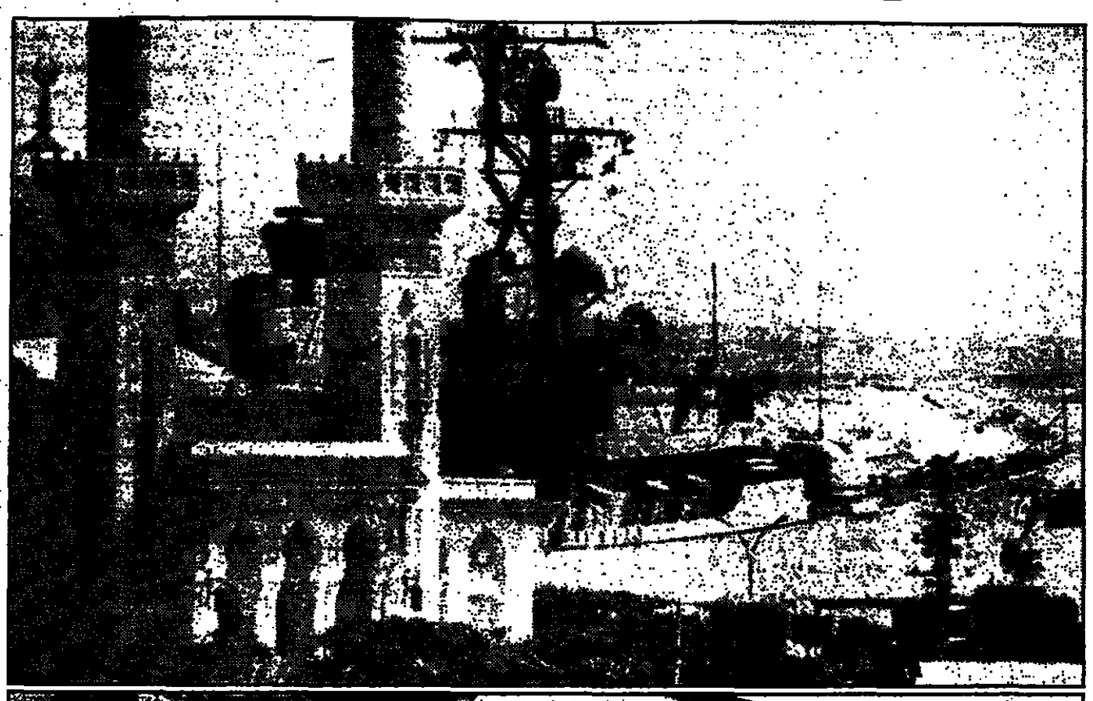
U.S. officials previously had avoided using the word "hostage" to describe the foreigners trapped since Iraq invaded Kuwait Aug. 2.

The United States, British and Belgian recommendations came after Baghdad radio read a statement from the Iraqi Interior Ministry telling Westerners in Kuwait to assemble in three hotels.

"We've told the Iraqis in the past that we would not order our citizens to comply with such an order," the U.S. official said. "We wouldn't order them around and we don't want the Iraqis to order them around either."

The British Foreign Office, in a message broadcast by the BBC, said, "The advice to British nation-

See HOSTAGES, Page 4



Mike Nelson/Agence France-Presse (top); The Associated Press

A U.S. missile cruiser sailing behind a Suez Canal mosque Sunday. At bottom, U.S. Army crewmen arming a helicopter in Saudi Arabia.

White House Repeats Call For Retreat From Kuwait

By William Claiborne
Washington Post Service

CAIRO — President Saddam Hussein said Sunday that he would let Westerners leave Iraq and occupied Kuwait if President George Bush pledged to withdraw all U.S. troops from the region and lift the economic blockade against Iraq.

The White House dismissed Iraq's offer, calling the proposal irrelevant to the central issue of Baghdad's pullout from occupied Kuwait.

"On the Iraqi statement, it seems we're getting a daily seminar of *Iraqi ridicule* these days," said Marlin Fitzwater, the White House press secretary.

The White House said its policy remained unchanged and insisted on the "immediate, complete and unconditional withdrawal of all Iraqi forces from Kuwait and the restoration of the legitimate government."

Iraq also announced as a "goodwill gesture" that it was releasing an unspecified number of Westerners from countries that had not sent military forces to the Gulf.

Saadi Mahdi Salih, the speaker of Iraq's National Assembly, said in a message released by INA, the official Iraqi news agency, that nationals of Austria, Sweden, Switzerland, Finland and Portugal would be allowed to leave.

He said that others might be let out "in the light of their countries' position in not imposing sanctions on the import of food, medicine and other goods to Iraq."

He did not say how many people would be allowed to leave, but there are an estimated 570 nationals of the five countries in Iraq and occupied Kuwait.

Mr. Hussein, in a message to the families of the trapped foreigners broadcast from Baghdad, warned that if war broke out, tens of thousands of people on both sides would be killed.

His message came as the Iraqi occupying authorities in Kuwait ordered Westerners to go to three hotels, from where they were to be transferred to military bases and other potential war targets. The United States and Britain have said that Iraq plans to use the hostages as human shields against an attack by U.S. and other military forces massing in Saudi Arabia.

Mr. Hussein said that if his initiative was not accepted, the Westerners would be held in the strategic installations in Kuwait and Iraq until the threat of war was over. He called for an "in-depth dialogue" with the governments whose nationals were being held.

Mr. Hussein said that any agreement by Mr. Bush to his proposal must be backed by a United Nations Security Council guarantee that U.S. forces would leave Saudi Arabia according to a fixed timetable of "no longer than it took these forces to come to the region."

At the same time, he said, Iraq and Saudi Arabia would guarantee that neither would attack the other.

Mr. Hussein said the Security Council could give assurances to Saudi Arabia that the United Nations would "stand militarily against Iraq" if Iraq tried to attack the Saudis.

The Iraqi president said that the question of the sovereignty of Kuwait would be treated "as an Arab issue, as happened with all similar issues, such as the Western Sahara issue between Morocco and the parties to that dispute, like the Syri-

Related Articles

France is said to have secretly sought special treatment for its citizens in Iraq. Page 4.

Will Americans support a military strike at Iraq? A congressman has his doubts. Page 5.

an occupation of Lebanon and other issues."

In referring to the hostages he said: "Averting death and starvation resulting from American policy against Iraq by preventing some citizens from traveling is a gain for humanity as a whole."

"Many of our children and your children will be orphaned if war breaks out, and many of our women and your women will become widows. Many of our men and your men will die."

The order issued by the Iraqi Interior Ministry to all foreigners in Kuwait said:

"To ensure the lives of Western foreigners and Australians present in the Iraqi cities of Kuwait, Al Ahmadi, Al Jahra and those within its administrative border, they have to assemble in the following hotels: Hyatt Regency, Meridien and International. Anybody who does not comply with this call, they and their governments bear full responsibility for any evil consequences

See IRAQ, Page 4

U.S. Warships Stalk 2 Iraqi Oil Tankers

Both Vessels Ignored Warning Shots, But Cheney Won't Disclose Next Step

Compiled by Our Staff From Dispatches

MANAMA, Bahrain — Defense Secretary Dick Cheney said Sunday that American warships were shadowing two Iraqi tankers that had ignored U.S. warning shots. He declined to say whether the navy would strike the Iraqi vessels if they again refused to stop.

U.S. ships fired across the bows of the two Iraqi vessels Saturday, but the tankers maintained their course. The incidents prompted a threat from Iraq that interception of Iraqi ships would have "grave consequences."

The warning volleys were the first shots fired in the military faceoff between American and Iraqi forces in the crisis sparked by Iraq's Aug. 2 invasion of Kuwait.

"I wouldn't want to speculate on what happens next," Mr. Cheney said.

"We obviously are prepared to see to it that the sanctions that the United Nations voted and the action that the legitimate government of Kuwait asked us to take are carried out," Mr. Cheney said.

According to published reports, American warships have been ordered to use minimum force, such as shooting out the rudders, to stop the ships if necessary.

The incidents, in which naval personnel manned battle stations for several hours, came on the second day of an interdiction effort ordered by President George Bush to halt all goods leaving and entering Iraq as part of a worldwide effort to isolate the government of President Saddam Hussein.

Pentagon officials said the U.S. Navy frigate Reid intercepted the Iraqi-flagged tanker Khamagin in the Gulf of Oman. After the vessel refused repeated requests to halt, the Reid fired six warning shots across the bow of the tanker, officials said.

In the Gulf, the Bradley intercepted another Iraqi tanker and also made repeated requests for the vessel to halt, the officials said. When the tanker refused, the Bradley fired three warning shots across the bow. Iraqis later identified the ship as the Baba Karkar.

Both tankers continued on the high seas under close U.S. Navy surveillance. U.S. officials did not specify in which direction the tankers were headed.

The official Iraqi news agency, INA, quoted Oil Minister Issam Chalabi as saying, "The Oil Ministry of the Iraqi republic warns that any interception of its tankers and their crews will result in grave consequences which the American authorities bear responsibility for."

The Iraqi agency also said that U.S. warships fired on a third Iraqi

See FORCE, Page 4

Saudi Arabia to Step Up Oil Output, With or Without OPEC

By Youssef M. Ibrahim
New York Times Service

DHAHRAN, Saudi Arabia — Saudi Arabia has served notice that it would increase oil production by 2 million barrels a day with or without the support of other members of the Organization of Petroleum Exporting Countries.

That would equal half the oil lost to the world market because of the international embargo on Iraqi and Kuwaiti oil shipments.

The Saudi oil minister, Hisham Nazer, said at a news conference Saturday that his country cannot allow the shortage of oil exports from Iraq and Kuwait to keep pushing oil prices up.

He said that unless OPEC agreed to an emergency meeting by Tuesday to authorize an increase in oil output by those OPEC members that can do so, Saudi Arabia will act alone.

[The official Algerian news agency APS said Sunday that a majority of OPEC members, including Algeria, are in favor of an emergency meeting of the oil cartel to discuss the crisis, Reuters reported from Algiers. The agency said, however, that differences persisted regarding the date and form of the meeting.]

The Saudis produce 5.38 million barrels of oil a day. Two million barrels more a day would be a 37 percent increase.

Iraq warned Saudi Arabia on Friday that it would consider any

Kuwait, armed with cash, strikes back at Iraq. Page 7.

increase in oil production by it or other OPEC members "an act of aggression."

The Iraqi view, expressed by the Iraqi oil minister Friday and repeated in a Baghdad radio commentary Saturday, is that if Iraq cannot export its oil or that of Iraqi-occupied Kuwait because of the international embargo, the world should suffer for it by paying higher oil prices.

But Mr. Nazer, in what seems to be a challenge to those Iraqi assertions, said Saturday that the shortage of Kuwaiti and Iraqi oil was in excess of 4 million barrels a day and that "all OPEC members together should make up for this shortage."

Saudi oil officials said privately that their other concern is that regardless of their dispute with Iraq, they feel that an inordinate rise in oil prices will boomerang on world economies, producing a worldwide recession that will harm oil producers and consumers alike.

"We will not let the Third World countries down and so we will increase production," the Saudi oil minister said.

Mr. Nazer said Saudi Arabia was acting within the existing OPEC agreements, which stipulate that the 13 members of the cartel should produce a total of 22.4 million barrels a day and aim at a price of $21 a barrel.

"The price now stands at $28 per barrel and the daily production figure is far less than 22.4 million," Mr. Nazer said. "The shortage of 4 million barrels a day can increase if the tension continues."

Mr. Nazer confirmed reports that Saudi Arabia had turned away tankers attempting to load Iraqi oil, which moves through a pipeline that ends up at the Saudi port of Yanbu on the Red Sea.

Turkey has shut down Iraq's other main outlet of oil, a pipeline that carries Iraqi crude to the Mediterranean port of Yumurtalik.

And Iraq's ability to ship some

See OIL, Page 9

Kiosk

In Defiance, Serbs Vote

KNIN, Yugoslavia (Reuters) — Serbs in the Yugoslav republic of Croatia defied the authorities Sunday and held a referendum on education, language and cultural rights.

Voting began here in Knin near the Adriatic coast after heavily armed Serbs set up roadblocks to prevent official intervention, but Croatian police stayed away.

President Borisav Jovic of Yugoslavia, a Serb, has defended the Serbs' right to vote. There are about 600,000 Serbs in Croatia, whose population totals 2.4 million, and many complain of discrimination.

General News

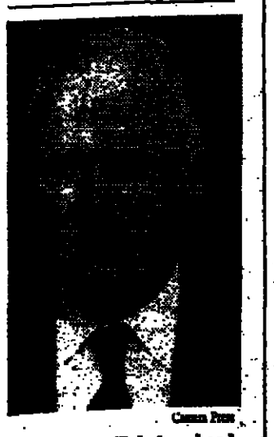
Talks between Mandela and Buthelezi were urged as tribal fighting continued. Page 2.

Three teenagers were convicted of rape in the New York City jogger trial. Page 3.

Pearl Bailey, whose distinctive singing style won wide acclaim, is dead at 72. Page 3.

Weather Page 2.
Crossword Page 3.

MONDAY Q&A



Camera Press

Willem van Eekelen, head of the Western European Union, says the nine-nation group has a major stake in the Gulf crisis. Page 5.

Business/Finance

The European Community was advised to set up a central bank early in 1993. Page 7.

Oil prices will squeeze the Third World harder this time than in the 1970s. Page 7.

American Hostages in the Gulf: Bush Has No Easy Options

By Thomas L. Friedman
New York Times Service

WASHINGTON — In declaring that he would use foreigners as a shield against Western attack, President Saddam Hussein of Iraq has placed these captives at the forefront of the Gulf crisis in just the manner the Bush administration had hoped to avoid.

Mr. Hussein and Mr. Bush are now engaged in a struggle within a struggle, namely over whether the fate of the Americans and other foreigners in Kuwait and Iraq will weaken the international resolve to squeeze Baghdad hard enough to force a withdrawal from Kuwait.

For Mr. Hussein, foreign captives now appear to be his weapon of choice for countering the international quarantine that the United States has erected around him. He is threatening the welfare of the thousands of

NEWS ANALYSIS

foreigners trapped inside Iraq and Kuwait if the United States and its allies do not back off.

For Mr. Bush, the challenge is to avoid letting the fate of the captives become the determining factor in his handling of the Gulf crisis and to prevent a groundswell of public sympathy for the trapped Americans that could sap the country's willingness to confront Iraq, even with the use of force if necessary.

Britain, France and other countries with citizens trapped in Iraq and Kuwait face similar tests, and the reaction of one may influence the conduct of the others.

It was precisely to limit this danger that the White House, from the very beginning of this crisis, leaned over backward to avoid using the word "hostage" to describe the trapped foreigners, and has even tried to pretend that their status was a secondary issue.

Apparently in an effort to keep the issue from developing a human face in the United States, the State Department has refused to make public the names of any of the Americans trapped in Kuwait and Iraq, saying it would violate their privacy and subject their families to incessant inquiries from the press.

White House aides said the president went on vacation to Kennebunkport, Maine, partly to persuade Mr. Hussein that unlike Jimmy Carter he was not becoming obsessed with recovering hostages or losing sight of the original goals of the U.S. military intervention in the Gulf.

Even after the latest threats from Iraq, the White House still tried to sound a restrained note about the foreign captives. It said, "The use of innocent civilians

See CRISIS, Page 4

Seeds of Change: Hard to Sow

By Bill Keller
New York Times Service

MIKHEYEVO, U.S.S.R. — On a rainy day in late July, the Dawn Collective Farm resembles a hog wallow in which someone has planted discarded tractor parts, rusting sheds and weathered buildings, creating a powerful impression of gloom and neglect.

Along the muddy ruts that pass for roads, groups of men tinker with aging combines or stand about smoking, some of them red-eyed and sullen from the previous night's drinking. They wait with an air of indifference for enough sun to dry the sodden grain fields and let the harvest begin.

Outside the peeling administration cabin is an honor roll of top workers, like the one posted in every Soviet factory. The honorees include a mechanic, an engineer, a driver, a brigade leader and a cook.

A visitor who has come looking for some understanding of why this resource-rich country cannot feed itself has just found a first clue: On the Dawn Collective Farm, there are no farmers.

"These people have long ago acquired the habit of working under someone else's command," said the farm chairman, Viktor A. Gulov, a newcomer in Mikheyevo and an advocate of change. "They are used to being told, 'It is time to go and plow, time to harvest, time to use the rakes.' And if nothing grows, it's not their responsibility."

Mr. Gulov arrived at the Dawn Collective Farm

See SOVIETS, Page 2

East German Coalition Ends

By Marc Fisher
Washington Post Service

BERLIN — East Germany's ruling coalition collapsed Sunday, but the general situation is disintegrating so quickly that the demise of its first elected government is likely to have little impact on German reunification.

The Social Democrats, the second-largest contingent in Prime Minister Lothar de Maizière's four-party coalition, voted by a large majority to quit the government to protest Mr. de Maizière's dismissal last week of four ministers.

The prime minister had blamed the four for failing to give hope to East Germans suffering through the transition from communism to a market-based economy.

"Because of the behavior of Mr. de Maizière," said the Social Democratic chairman, Wolfgang Thierse, the party "has decided to leave this broken coalition."

The collapse of the four-month-old coalition means that Mr. de Maizière loses the two-thirds majority he needed to approve treaties of unification with West Germany. Without such treaties, West German law will probably be unilaterally imposed on East Germany.

But Mr. de Maizière still has a simple majority, and the coalition collapse will not affect the scheduled Dec. 2 all-German elections.

The Social Democrats' departure, however, may move up the date of East Germany's disappearance from the map. Previously set for Oct. 15, that move — which requires only a resolution by the East German parliament — could now come in mid-September. Mr. Thierse said his party would ask the Volkskammer to

See GERMANY, Page 2

As Ever: Cool French Tourists Have Harlem on Their Minds

By Alessandra Stanley
New York Times Service

NEW YORK — Robert Fridman, a dapper Frenchman, gazed reflectively past the 19th-century wooden row houses on Sylvan Terrace in Harlem.

"Our Manhattan friends said we were crazy to come here," he said. "I don't think New Yorkers refuse to visit Harlem because of fear. They have a guilty conscience. They realize they have done nothing for the blacks."

If it's August and a French tour bus is nearby, this must be Harlem.

French visitors climb the Empire State Building, they shop at Bloomingdale's, they take in a Broadway show. But more than anything else, and more than anyone else — except, perhaps, the Japanese — they want to see the predominately black district of Harlem.

The French go not as timid tourists but as adventurers with a proprietary interest.

Faster than you can say Josephine Baker, they will tell you that they discovered jazz. Far faster than you can say Alexis de Tocqueville, they will dissect U.S. society.

Mr. Fridman's wife, Annette, who had been looking over the bubbling street life at 125th and Adam Clayton Powell Jr. Boulevard, was not impressed. "It's really not that different from Pigalle," she said, turning toward her tour guide. "Are you avoiding the dangerous areas?" The guide nodded apologetically.

Shrugging his shoulders at the bourgeois surroundings, Mr. Fridman headed back for the air-conditioned bus. "If this is Harlem, I am disappointed," he said.

But later he was favorably impressed by the fried chicken and collard greens ("well spiced") at Sylvia's, a large soul-food restaurant on Lenox Avenue that is to foreign tourists what Aux Deux Magots might be to Americans in Paris.

He was less enthusiastic about Showman's Café, where jazz and two free drinks were included in the $60 Harlem by Night tour. "A little sterile," he said, assessing the ski-lodge-style wood paneling and hanging plants. "A little too touristical."

Most major New York tour operators include Harlem on their itineraries. There are three companies offering specialized tours of church gospel music, soul food, architecture and urban life.

One of them, Harlem Spirituals Inc., founded by a Frenchman, shepherds 20,000 foreigners through Harlem a year.

The majority are French, and they go in search of the ghosts of Count Basie and Louis Armstrong, and to bask in warm indignation about U.S. urban strife.

"Most of them are nice families," William Montez, 47, a tour driver, said. "They ask to go to the rotten, rotten areas."

Tour guides struggle to dispel preconceived notions about Harlem.

They bypass crack neighborhoods and soup kitchens — where tourist buses are sometimes welcomed with stones, bottles and raw eggs — and show off the recently reopened Apollo Theater and the better city blocks.

"I was expecting small narrow streets, garbage, fire escapes, police sirens, gunshots," Yves François, a commercial art director from Paris, said. "A real Western."

Preconceived notions go both ways. "The French have a great respect for their language," said Clarence Cooper, the manager of Sylvia's Restaurant, who learned his French in Quebec.

"If you don't speak it properly, they get offended," he said. "If you speak it well, they are very nice."

Mr. Cooper conceded that his regular patrons occasionally get tired of watching busloads of foreigners trooping in. "This is their place, they feel invaded," he said. "But everyone is nice about it. We're always happy to see money spent in Harlem."

Sometimes even the guides harbor misconceptions.

Explaining social conditions, Panos Foscolos, a Greek émigré and tour guide who speaks fluent French, creatively mingled what he called statistics on illiteracy, drug addiction and life expectancy for black males ("lower than in Bangladesh") with his own impressions of black culture.

"You will not see any yellow taxicabs in Harlem," he stated firmly into a handheld microphone. "Blacks do not like to take white people's cabs; they prefer their own."

David Troup, a tour guide who has lived in Harlem and in Paris, said that French tourists occasionally need special handling.

It is a waste of time just to tell them not to take photographs in church — "they'll do it anyway," he said.

"But," he added, "if you tell them that better than anyone else, the French know how to show respect and that they must serve as an example to the others, then they won't take pictures."

After 27 More Die, Mandela-Buthelezi Meeting Is Urged

Compiled by Our Staff From Dispatches

JOHANNESBURG — Fighting between two rival tribes has claimed 27 more lives in townships near here, and a large black newspaper called Sunday for talks between Nelson Mandela and Chief Mangosuthu Buthelezi to try to resolve the dispute.

Soldiers were sent in to assist the police in the Thokoza township, east of Johannesburg, after clashes Saturday afternoon and evening.

The Xhosas and the Zulus, the country's two largest black tribes, have been battling for a week in Thokoza and in Soweto township, also outside Johannesburg. More than 190 blacks have died in Thokoza, 77 have been killed in Soweto and several more have lost their lives in nearby townships, the police said.

The fighting appears to be mostly a tribal conflict with a long history, but it also has political overtones.

Mr. Mandela, deputy president of the African National Congress, the largest opposition movement, and many other ANC leaders are Xhosas. The rival Inkatha movement is a Zulu-based organization headed by Chief Buthelezi.

The two men are old friends, and both have repeatedly called for an end to the black factional fighting that has plagued the eastern province of Natal for five years and has now spread to the Johannesburg area.

But they have not met since Mr. Mandela was released from prison in February after serving 27 years for plotting to overthrow the white-led government.

City Press, the country's largest black-oriented weekly, printed an open letter to the two men urging them to hold immediate peace talks.

Addressing Mr. Mandela, the paper's editor, Khulu Sibiya, said: "Like millions of other black people, I cannot understand why you refuse to talk to Dr. Buthelezi, when at the drop of a hat you meet and talk to F.W. de Klerk," the president of South Africa.

To Chief Buthelezi he said: "I also fail to understand why in this century you still encourage tribalism among your people."

Aggrey Klaaste, editor of another black newspaper, the Sowetan, said that apartheid was "no excuse for acts of violence. The responsibility to get things right in South Africa lies heavily upon us."

Both the ANC and Inkatha oppose apartheid. But the two groups differ over tactics.

The ANC has favored confrontational tactics such as boycotts and strikes, but it recently agreed to suspend its ineffective armed struggle against the government.

The relatively conservative Inkatha movement has never endorsed those methods, and it favors capitalism, in contrast to the socialist-oriented ANC.

The ANC accuses Inkatha and rightist elements in the South African security services of inciting the violence to disrupt Mr. Mandela's negotiations with the government.

ANC activists say that Inkatha, omitted from the talks so far, is using the violence to put pressure on the government for an early invitation to the negotiating table.

Inkatha accuses the ANC of having started the violence.

Xhosas on Sunday looted a deserted migrant workers hostel in Thokoza that had been occupied by thousands of Zulus a week earlier.

Smoke rose from one hostel building that had been set on fire and attacked.

The police fired tear gas and shotguns to drive off looters. But when the police left, the looters returned, piling refrigerators, stoves and other items into cars and pickup trucks.

More than 6,000 armed Zulus remained at hostels in other parts of Thokoza, police said.

"Has the descent into a Beirut-style apocalypse begun?" asked the Sunday Times, the country's largest newspaper.

"In countless white homes, families watched the carnage and wondered if it would ever be possible to share power with people who regard the panga and the knobkerrie as tools of political expression," the newspaper said in a front-page editorial, referring to machetes and clubs used in the fighting.

(AP, Reuters)

Members of the Afrikaner Resistance Movement, a rightist group, saluting after a march by ANC supporters in the Orange Free State. Reuters

Gorbachev Hints at Abolition of Draft

New York Times Service

MOSCOW — President Mikhail S. Gorbachev has vowed to carry out a profound reorganization of the Soviet military in January, and has strongly suggested that the changes could include abolition of the draft.

"Perhaps the time has come to move toward a voluntary professional army," Mr. Gorbachev told participants in a military exercise near the Black Sea port of Odessa, who reacted with a noisy stir.

The Soviet leader, who interrupted his vacation to announce his plans for changes in the military, said the government was also considering the creation of separate units for the 15 Soviet republics.

Nationalist groups have been demanding that republics gain more control over deployment of their citizens.

But Mr. Gorbachev condemned moves by some republics to break up the armed forces into fully independent territorial armies. In the era of nuclear weapons, he said, dividing the military "would not only undermine our own security, but would also damage world security."

Mr. Gorbachev's comments, broadcast Friday night on nationwide television, appeared to mark the opening of a campaign to restore the military's stature, which has been dwindling in the face of widespread draft evasion, ethnic divisions and bitter discontent in the officer corps.

He said that "the direct threat of a war being unleashed against the Soviet Union has disappeared" and that the government should also consider whether some of the five branches of the armed forces could be merged or abolished.

"Our armed forces were established to handle the tasks of the Cold War," he said. "This war is over now."

In raising the possibility of an all-volunteer army and the creation of "national-territorial" units in the republics, Mr. Gorbachev is attempting to catch up with trends that are tearing at the integrity of the military.

Both changes have been strongly opposed by top military leaders, although the proposals appear to have substantial support among junior officers and the public.

The distaste for compulsory military service has grown so strong that many districts fell far short of their induction quotas this spring and summer.

Mr. Gorbachev said his military package, which is to be completed by his advisers in September for submission to the national parliament, would consider whether the armed forces should consist of "national-territorial" units that would allow young men to serve on the territory of their own republics while still answering to the central authorities.

The president of the Russian Republic, Boris N. Yeltsin, has declared that its young men will not be sent to put down ethnic conflicts in other republics. Lithuania has abolished the Soviet draft and set the stage for creating its own national service. The Ukraine is contemplating a similar move.

Mr. Gorbachev said the package of proposals would consider the size and configuration of the military, the size of the budget and the structure of the five services — the army, navy, air force, air defense forces and strategic rocket forces.

Among the priorities in reviewing the budget will be housing and benefits for soldiers withdrawn from Eastern Europe, he added.

The abrupt relocation of Soviet soldiers to a country desperately short of housing has created tent camps of troops and left many officers in doubt about their careers.

— BILL KELLER

■ Rising Public Hostility

Defense Minister Dmitri A. Yazov has complained that increasing public hostility to the armed forces is undermining discipline, Reuters reported from Moscow.

"We see the spread of discrimination against officers, direct moral and physical insults against them and the development of unhealthy circumstances around military bases," Marshal Yazov said in a speech published Sunday in the Defense Ministry daily, Krasnaya Zvezda.

Seeking to ease disquiet in the armed forces over cutbacks, ethnic clashes and housing shortages, Marshal Yazov said that those who were hostile to the military were trying to sow division between the Defense Ministry and the army.

"Several media are cultivating anti-army feeling," he added in the speech, delivered Friday to officers in the southern district of Odessa.

Marshal Yazov also said there had been an increase in "such practices as refusal to serve and desertion."

4 Bombings in Manila, Rebels Urge Uprising

Compiled by Our Staff From Dispatches

MANILA — Suspected rebels bombed the Justice Department on Sunday and distributed leaflets at military camps in the central Philippines urging soldiers to join a fight against President Corazon C. Aquino.

No one was hurt in the predawn explosion outside the office of Justice Secretary Franklin M. Drilon.

The blast was the fourth in a series of bombings that began Saturday night, when a device exploded outside a police station near Mrs. Aquino's office.

The other bombs went off outside a flour factory owned by the family of secretary of trade and industry, Jose Concepcion Jr., and at a suburban shopping mall, police said. A military spokesman blamed rebel soldiers for the bombings.

The military went on alert Friday after reports circulated that renegade soldiers might launch a seventh attempt to topple Mrs. Aquino's four-year-old government.

Defense Secretary Fidel Ramos told Mrs. Aquino and congressional leaders that dissidents might exploit public unrest likely to result if fuel prices rose as a result of the Gulf situation.

In Cebu Province, 560 kilometers (350 miles) southeast of Manila, rebel soldiers distributed leaflets in military camps urging troops to join the movement led by Colonel Gregorio Honasan "to put a stop to the inefficiency of the Aquino government."

Colonel Honasan led the December coup attempt by army dissidents that nearly toppled Mrs. Aquino; accusing her of weak leadership and of tolerating corruption, he has said he would oust the prime minister before her term expires in 1992.

Officials dismissed the latest Honasan threat as propaganda, but had 3,000 troops, along with tanks and artillery, on display at armed forces headquarters on Saturday.

"If they stage a coup, we are ready for it. It would be foolish to try," said Major General Rodolfo Biazon, the deputy armed forces chief of staff. "We don't believe they could mount a serious coup. The most they can do are terrorist acts and bombings. We have to be prepared."

(AP, Reuters)

SOVIETS: *Farm Manager Finds That Seeds of Change Are Hard to Sow*

(Continued from page 1)

in March determined to turn this indifferent proletariat into "masters of the land."

Like most reformers in the Soviet Union, he is frustrated from above by a rigid system that rations his fertilizer and gasoline, sets his prices, oversees the conformity of his management policies and then requisitions almost everything he produces — meat, milk, grain and potatoes.

But he contends that the greater problem — and the one most in his power to combat — is the human factor, because no amount of economic liberty can feed the country unless there are willing farmers.

Probably no subject has consumed so much of President Mikhail S. Gorbachev's time, or caused his economists so much chagrin, as the degeneration of Soviet farming.

Until the late 1920s, when forced collectivization transformed farming into a rural factory system, the nation was an exporter of wheat, rye, barley and oats.

Today, agriculture employs an astounding 19 percent of the Soviet work force — in the United States, the figure is 2 percent — and absorbs 17 percent of all investment.

Yet even in a good crop year like this one, the Soviet Union will import millions of tons of food, and still the populace will complain of hunger pangs.

Mr. Gulov, 42, comes to this problem as a missionary for a kind of farming that is alien to the Soviet system.

A big man with a square face and wavy hair, he grew up on a state farm on the southern steppes, but he would look at home at a fair in Iowa. He keeps Dale Carnegie self-improvement books on his shelf.

Fifteen years ago he read an account of farming in Canada — the northern latitude is not unlike Russia's farm belt — and it set off a rethinking that is still under way. Last year, Mr. Gulov was part of a small Soviet delegation to Canada where he found every day a rebuke to Soviet experience.

"When I was in Canada, I saw a 6-year-old boy, a farmer's son, who could drive a tractor," he says. "The boy has his duties, he is paid, and he makes plans. By the time he is 14, he will be able to buy a car. He is already a farmer.

"Here we have lost the tradition. It's gotten so bad that in school they warn children: 'If you don't study hard, you will stay on the collective farm to work.'"

When he was the director of a large collective farm near Rostov, in the richer south of Russia, Mr. Gulov applied his theories with great success. He reorganized the farm into a conglomerate of small, self-sufficient, profit-oriented teams, called cooperatives, a step in the evolution toward real farms.

"It's simple," he says. "People need a reason to work. The reason can be fear, but fear is disappearing in this country. So you have to give them some other stimulus."

In Rostov, they earned more money, but there was also the satisfaction and responsibility of stewardship.

In March, forced to leave Rostov because of his son's allergic condition, Mr. Gulov settled in Mikheyevo and set out to duplicate his experiment in tougher circumstances.

In Rostov, where the climate is better and the Don Cossacks had a tradition of private farming, collectivization had not fully exterminated the will to farm. But in Mikheyevo, 160 Kilometers (100 miles) southwest of Moscow, where the Dawn Collective Farm occupies 8,000 hectares (20,000 acres), there is little history of commercial farming.

Before the collective farms were organized in 1929, it was mostly subsistence farming. Women tended the fields and cows while the men joined construction crews to bring in money. After collectivization, the workers were sharecroppers.

Those who have ambitions are often lured away to Moscow. Those who stay behind are mostly educated for rote, factory-style labor and not the complexities of modern farming.

The Dawn Collective Farm is less a business than a cradle-to-grave welfare community. For its 186 workers and their families, the farm provides cheap housing, kindergarten, a cultural center and gardens.

The garden plots seem to get more attention than the communal lands, for the simple reason that they repay each family's labor with food.

Mr. Gulov's plan is to wean people from collectivization by breaking the farm into smaller units and giving workers more responsibility, edging toward real farming.

GERMANY: *Coalition Unravels*

(Continued from page 1)

vote Wednesday to set reunification for sometime around Sept. 15.

Sunday's departure is largely a matter of positioning for this fall's first all-German elections.

The Social Democrats want voters to perceive them as an opposition party, not as part of the government responsible for the soaring unemployment and closing industries that have followed the July 1 overnight transformation of the East German economy. They want to paint Mr. de Maizière, a Christian Democrat, as too willing to bend to the desires of his party colleague, Chancellor Helmut Kohl.

The major East German parties will be dissolved into their West German partners after reunification. The Social Democrats are the major opposition party in the West and are arguing that Mr. Kohl moved too swiftly to unify the two German economies.

At the moment, the more East Germans learn about the state of their country, the faster many of them would like to see it vanish from the map.

This weekend, for example, whatever confidence remained was dealt another blow when the East German Defense Ministry revealed that the National People's Army was still training guerrillas from the Palestine Liberation Organization at an army base on the Baltic Sea coast.

[East Germany will immediately end military training for members of the PLO, Defense Minister Rainer Eppelmann said on Sunday in East Berlin, Reuters reported.]

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WORLD BRIEFS

Marines Evacuate 400 From Liberia, 400 More Expected in Sierra Leone

FREETOWN, Sierra Leone (AP) — U.S. Marines evacuated more than 400 people, mostly Lebanese, by helicopter from Liberia to the Sierra Leone capital Sunday, and about 400 more were expected.

The evacuees were flown from Monrovia, the Liberian capital, to U.S. warships off the West African coast and then to Freetown. Other nationals expected to arrive late Sunday included Americans, West Germans, French, Indians, Chinese and a Ghanaian priest.

Red Cross agencies were taking care of other evacuees in Sierra Leone, including Haitians, Togolese, Zairians and Colombians. A senior Red Cross spokesman said the service would provide temporary accommodation for those nationals without embassies until they are repatriated.

There remained no indication as to when a peacekeeping force of the Economic Community of West African States might leave Freetown. The force has been held up as negotiators have tried to persuade Charles Taylor, a rebel leader, to accept a cease-fire. President Samuel K. Doe and Prince Johnson, Mr. Taylor's chief rival, have accepted.

Peru Orders Higher Minimum Wage

LIMA (AFP) — The government of President Alberto Fujimori has decreed a quadrupling of the minimum wage, following more than a week of unrest over its draconian economic austerity measures.

Labor Minister Carlos Torres announced the decree Saturday, 10 days after the government mandated price increases of as much as 3,000 percent.

The edict raised the minimum monthly salary from 4,000,000 intis to 16,000,000 intis — the equivalent of about $50. Mr. Torres acknowledged that the new minimum wage would not cover the cost of living for one month, which currently is estimated at 87,000,000 intis, or about $270. But he said a higher wage would threaten to raise inflation and bankrupt many small businesses.

Opponents Combine Against Bhutto

ISLAMABAD, Pakistan (Reuters) — Political parties opposed to former Prime Minister Benazir Bhutto agreed Sunday to cooperate and put up a single candidate against each of her supporters in elections scheduled for Oct. 24.

A meeting of anti-Bhutto forces chaired by the caretaker prime minister, Ghulam Mustafa Jatoi, said that the arrangement would apply both to the National Assembly and to four provincial assemblies. President Ghulam Ishaq Khan dismissed Miss Bhutto's government Aug. 6, accusing it of corruption and abuse of power.

On Saturday, her Pakistan People's Party demanded the appointment of a new and impartial caretaker government to ensure fair elections. She pledged at a party meeting to fight to return to power.

Mauritius Leader Shakes Up Cabinet

PORT LOUIS, Mauritius (Reuters) — Prime Minister Sir Anerood Jugnauth of Mauritius has dropped three ministers from his 18-man cabinet and another three have resigned in a political controversy over his efforts to turn the Indian Ocean island into a republic.

Under a bill to amend the constitution, Mauritius, which gained independence from Britain in 1968, would remain in the Commonwealth. But Queen Elizabeth II would no longer be head of state, and the country would be headed by a president.

Mr. Jugnauth argued that the change to a republic would bring more dignity, recognition and prestige. His move on Saturday followed a 10-hour parliamentary debate during which he attacked members of his three-party coalition for reversing earlier undertakings to back the bill. Parliamentary debate is to resume on Tuesday.

2 Leave Spanish Embassy in Havana

HAVANA (Reuters) — Two of eighteen Cubans who had taken refuge in the Spanish Embassy here surrendered to the authorities Saturday night, the Cuban Foreign Ministry said Sunday. A ministry statement said that Ricardo Figueroa Laredo was in the hospital with a stomach illness and that Felipe Nerey Fonseca had returned to his home.

The two, who managed to break into the embassy July 21 despite a heavy police guard, left voluntarily and without conditions, the statement said. A Spanish Embassy spokesman confirmed that they had left at their own request.

Their surrender left 16 Cubans still in shelter at the Spanish Embassy and 9 others at the residence of the Belgian ambassador. Cuba has refused to allow any of the refugees to leave the country but has promised that they will not be punished if they give themselves up.

150,000-Gallon U.S. Gasoline Spill

LEWES, Delaware (UPI) — A Panamanian tanker and a barge carrying more than 7 million gallons of gasoline and heating oil collided in Delaware Bay early Sunday, spilling 150,000 gallons of gasoline.

Amid high temperatures, a coast guard spokesman said, the gasoline was evaporating quickly and was not expected to threaten the adjacent shorelines of Delaware or New Jersey. But the National Oceanic and Atmospheric Administration said that a fish kill was likely.

No one was injured in the collision, which occurred about 4 miles (6.5 kilometers) off the Delaware shore, the spokesman said. The barge Ocean 192, which was being pushed by a tugboat, collided with the tanker Faith 1, he said.

TRAVEL UPDATE

French Police Quell TGV Protests

MARSEILLE (UPI) — The police intervened Saturday and Sunday at several railroad stations to disperse demonstrators protesting plans to build new tracks for an extension of the TGV, the high-speed train, in southern France.

A spokesman for the national rail service said traffic was restored at 1 A.M. Sunday after several hours of interruptions. An estimated 20,000 travelers were delayed or inconvenienced, the spokesman said.

A typhoon swept through northern Taiwan on Sunday, leaving three people dead and disrupting air, rail and road traffic, the police said. They said landslides blocked highways and rail lines in several northeastern cities. The typhoon, designated Yancy, forced Taipei's domestic airport to close, but the main international airport remained open Sunday. *(AP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Colombia, Hungary, Morocco.
TUESDAY: Morocco.
THURSDAY: Romania.
FRIDAY: Liberia, Romania.
SATURDAY: Hong Kong, Mauritius, Paraguay, Uruguay.
SUNDAY: Hong Kong.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	18	64	7	45	c
Athens	33	91	23	73	fr
Barcelona	26	79	21	70	fr
Belgrade	27	81	14	57	fr
Berlin	23	68	13	55	c
Brussels	18	64	9	48	r
Budapest	26	79	11	52	sh
Copenhagen	19	66	9	48	c
Costa Del Sol	29	84	23	73	fr
Dublin	17	63	14	57	r
Edinburgh	17	63	7	45	r
Faro	29	84	23	73	fr
Florence	31	88	16	61	fr
Frankfurt	22	72	11	52	fr
Geneva	25	77	10	50	fr
Helsinki	23	73	5	41	fr
Las Palmas	28	82	23	73	fr
Lisbon	28	82	19	66	fr
London	19	66	15	59	r
Luxembourg	18	64	10	50	r
Madrid	34	93	20	68	fr
Milan	27	81	15	59	fr
Moscow	24	75	14	57	fr
Munich	22	72	13	55	fr
Nice	27	81	21	70	fr
Oslo	22	72	13	55	fr
Paris	25	77	14	57	c
Prague	19	66	12	54	fr
Reykjavik	13	55	9	48	sh
Rome	29	84	19	66	fr
Stockholm	21	70	14	57	fr
Strasbourg	24	75	14	57	fr
Vienna	25	77	15	59	fr
Warsaw	24	75	13	55	fr
Zurich	23	73	12	54	fr
MIDDLE EAST					
Ankara	35	95	22	72	fr
Cairo	33	91	22	72	fr
Istanbul	30	86	23	73	fr
Jerusalem	28	82	16	61	fr
Tel Aviv	31	88	21	70	fr
OCEANIA					
Auckland	—	—	—	—	no
Sydney	—	—	—	—	no

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	—	—	—	—	no
Beijing	—	—	—	—	no
Hong Kong	—	—	—	—	no
Manila	—	—	—	—	no
New Delhi	36	95	28	82	fr
Seoul	—	—	—	—	no
Shanghai	—	—	—	—	no
Singapore	—	—	—	—	no
Taipei	—	—	—	—	no
Tokyo	—	—	—	—	no
AFRICA					
Algiers	31	88	18	64	fr
Cape Town	16	61	10	50	c
Casablanca	27	81	22	72	sh
Harare	27	81	12	54	fr
Lagos	28	82	23	73	fr
Nairobi	28	82	13	55	fr
Tunis	33	91	21	70	fr
LATIN AMERICA					
Buenos Aires	—	—	6	43	sh
Lima	17	63	14	57	c
Mexico City	25	77	12	54	fr
Rio de Janeiro	23	73	18	64	fr
NORTH AMERICA					
Anchorage	19	66	10	50	sh
Atlanta	35	95	23	73	sh
Boston	24	75	15	59	sh
Chicago	28	82	19	66	sh
Denver	32	90	15	59	sh
Detroit	31	88	18	64	sh
Honolulu	31	88	24	75	sh
Houston	34	93	23	73	sh
Los Angeles	33	91	17	63	fr
Miami	32	90	24	75	sh
Minneapolis	32	90	17	63	fr
Montreal	28	82	17	63	sh
Nassau	31	88	24	75	sh
New York	31	88	21	70	sh
Phoenix	40	104	25	77	fr
San Francisco	20	68	13	55	fr
Seattle	22	72	13	55	fr
Toronto	29	84	18	64	sh
Washington	32	90	22	72	sh

cl-cloudy; fg-foggy; fr-fair; h-hail; o-overcast; sn-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Rought. FRANKFURT: Rain. Temp. 21 — 13 (70 — 55). LONDON: Cloudy. Temp. 19 — 14 (66 — 57). MADRID: Stormy. Temp. 35 — 19 (95 — 66). NEW YORK: Partly cloudy. Temp. 34 — 19 (93 — 66). PARIS: Cloudy. Temp. 22 — 15 (72 — 59). ROME: Fair. Temp. 29 — 19 (84 — 66). TEL AVIV: NA. ZURICH: Rain. Temp. 21 — 12 (70 — 54). BANGKOK: Showers. Temp. 32 — 25 (90 — 77). HONG KONG: NA. MANILA: Rain. Temp. 30 — 25 (86 — 77). SEOUL: Rain. Temp. 29 — 22 (84 — 72). SINGAPORE: Fair. Temp. 30 — 26 (86 — 79). TOKYO: Fair. Temp. 31 — 25 (88 — 77).

3 Convicted of Raping Jogger, Cleared of Attempted Murder

By Michael Specter and Laurie Goodstein
Washington Post Service

NEW YORK — In a case that became a national symbol of urban violence and racial tension, three Harlem teenagers have been convicted of raping and brutally beating a jogger in Central Park.

After 10 days of deliberations, a Manhattan Supreme Court jury acquitted Raymond Santana, 15, Yusef Salaam, 16, and Antron McCray, 16, of sodomy and of attempted murder, the most serious crime.

But it convicted them of the other significant charges, including the rape and assault of the jogger, riot, robbery, and assaults on several other people in the park on the night of April 19, 1989.

"The presumption of innocence no longer applies here," said Judge Thomas B. Galligan after the verdicts were read Saturday night. Family members of the defendants in the courtroom began weeping as Judge Galligan ordered all three taken into custody.

After repeatedly viewing the two videotaped confessions that were the prosecution's most solid evidence, the jury of 10 men and two women reached identical verdicts for all three youths.

Although all were tried as adults, they will be sentenced as juveniles on Sept. 11. The most severe penalty any could receive would be 10 years in prison. Their lawyers said that they would appeal the verdicts.

The "wilding incident," as the case came to be called, drew attention because of its brutality and because videotaped confessions obtained from two of the defendants described a terrifying night on which dozens of teenagers rampaged through the park, hoping, in the words of one of them, "to beat people up and rob them."

It also reflected intensified racial tensions in New York City because the victim was a privileged woman whose life until that night seemed edged in gold, while the assailants were all black and Hispanic youths with questionable prospects.

Despite the racially tense nature of the crime and the trial, jurors said that they were never split along lines of race or sex.

Two of the jurors, speaking to reporters, said they did not believe the three defendants actually committed the rape themselves, but the judge had made it clear in his instructions that a conviction was required if the jury decided the defendants had helped others rape the jogger.

The jurors appeared to rely heavily on the videotapes, but they largely discounted the dramatic appearance of the jogger herself.

"She really added little to the case," said Charles Nestorik, 36, one of the jurors. "Her testimony couldn't guide us."

Defense attorneys asserted that the police rounded up their clients out of blind vengeance and the desire to punish someone for a grisly crime. Supporters of the defendants said they were guilty only of being in the park on the night of the crime and were immediately seized as criminals because they were black or Hispanic.

The prosecutor, Elizabeth Lederer, bolstered by the videotaped confessions of Mr. Santana and Mr. McCray, described for jurors a hellish scene in which, out of boredom and disaffection, a gang of youths set upon the park to harm anyone in their way.

On the videotape, the defendants described attacking the jogger, raping her and hitting her repeatedly with bricks and a metal pipe, because, as one of the teenagers told police, "It was fun."

About the only thing that was not revealed about the jogger was her name. Although it was used repeatedly throughout seven weeks of testimony, most news organizations refrained from publishing it.

The rest of her life has been made public, from her Roman Catholic childhood in Upper St. Clair, Pennsylvania, to her Phi Beta Kappa key at Wellesley College, her master's degree from Yale University and her job in the corporate-finance department at Salomon Brothers in New York.

So have the most intimate details of her sexual life. No physical evidence, including blood, semen, DNA samples and hair, was found to link the defendants to the crime, and defense lawyers portrayed their clients as confused youngsters forced to make questionable confessions under duress and through police intimidation.

The jogger testified largely to present the jury with an emotional reminder of the severity of a crime that left her very near death as she lost most of her blood and lay twitching in a deserted ravine.

The only defendant who testified was Mr. Salaam, who otherwise sat silently throughout the trial clutching a tattered green copy of the Koran. Lawyers for the other defendants had tried desperately to talk his attorney, Robert Burns, out of putting him on the stand. Jurors said his testimony seriously hurt his chances of acquittal.

Bush Eases the Grip on Computerized Information

By John Markoff
New York Times Service

NEW YORK — President George Bush has ordered a quiet dismantling of an aggressive Reagan administration effort to restrict sources of computerized information, including data bases, collections of commercial satellite photographs and information compiled by university researchers.

The Reagan administration established a central office within the National Security Agency to set standards for the security of federal and private computers.

A presidential order in 1984 expanded the power of the office and created a security category of sensitive but unclassified information.

The moves were aimed at reducing unauthorized uses of computerized information and at restricting authorized uses so that foreign countries could not piece together sensitive information to learn national secrets.

Civil libertarians raised alarms, saying they feared limits were being put on the free flow of information.

Some lawmakers and computer industry officials said they worried that the National Security Agency, responsible for electronic intelligence gathering, would use its power of setting computer security standards to get around the very security systems it was regulating.

Congress passed legislation in 1987 to reverse the presidential order, but not until last month did Mr. Bush sign a classified memorandum that revises the original Reagan administration orders.

This month, the security agency began disbanding its National Computer Security Center, moving most of the 300 employees into new jobs in the more secret communications security section inside the agency.

Some computer security experts say they are concerned that the move goes too far in decentralizing oversight for computer security.

An agency official warned that the United States was in danger of losing its leadership in computer security to European countries that have been investing heavily in new technologies.

Some private computer company officials say there is a risk that the security of commercial computer systems will not be a priority under the new system.

The Security Center was established in 1981 as part of the Reagan administration's push to establish a centralized protection for both military and civilian computer security.

The center developed computer security standards and evaluated commercial security products. The 1987 law shifted oversight of civilian and unclassified federal computer security systems to the National Institute of Standards and Technology, which is part of the Commerce Department.

"By drawing this line between classified and unclassified information and communications systems it provides protection for ensuring the free flow of information and the public's right to know," said Jerry Berman, director of the American Civil Liberties Union's information technology project.

Concern over the original directive reached a peak in 1986 after representatives from government agencies visited at least six private information companies, including Mead Data Central, the publisher of Nexis and Lexis electronic data bases.

Agency officials asked if the company would be willing to provide lists of subscribers; it refused.

Officials in the Reagan administration said at the time that they were concerned that by retrieving information from commercial and government nonclassified data bases, foreign agents would be able to piece together a "mosaic" of classified information.

The officials also were concerned that the United States' economic competitors would be able to steal strategic technology found in computerized data bases.

But the order generated bitter opposition from civil libertarians, information industry executives and members of Congress, and led to the Computer Security Act of 1987. This gave the National Institute of Standards and Technology authority over computer security in nonclassified government agencies and public data base security.

Civil libertarians have continued to express concern about government monitoring of private information, including public electronic mail and computer conference systems.

357 Artworks Missing At Interior Department

By Philip Shenon
New York Times Service

WASHINGTON — An internal investigation at the Interior Department has found that hundreds of pieces of valuable artwork from the department's collection are missing.

Among the pieces are a Norman Rockwell drawing of the natural rock formation in Utah known as the Rainbow Bridge, and scores of paintings and sketches commissioned by the department over the last few decades. In all, at least 357 artworks are missing, the investigators said.

In a recent interview, the department's inspector-general, James R. Richards, said he believed that some of the art had been stolen over a period of years.

"It didn't just walk out of here," he said. He added that the internal inquiry had found several instances in which artwork had been mishandled in "shocking ways."

An ancient Apache Indian basket valued at $5,000 was used as a trash can in the department's headquarters in Washington, while another Apache basket worth nearly $4,000 had been turned into a planter, investigators said.

A painting valued at $10,000 was spattered when office walls were painted in the department's Washington headquarters.

The investigators, who released a report on the inquiry last week, said that while it was impossible to place an exact value on the Rockwell drawing and other works because of inadequate records, they were worth millions of dollars.

Mr. Richards said the most disturbing loss occurred in the federal Bureau of Reclamation, a unit of the Interior Department, which had been unable to account for nearly half of 355 paintings it commissioned in the 1960s and '70s.

The report said other artworks owned by the department were "not adequately safeguarded from theft, fire and environmental hazards" and, in many cases, had never been catalogued.

Mr. Richards, who is the Interior Department's chief internal investigator, said the inquiry began last year after a retired employee of the Bureau of Reclamation "told me that he noticed that over the years a lot of the bureau's artwork had been disappearing."

In the 1960s and '70s, the Bureau of Reclamation commissioned a number of artists, including Rockwell, to paint or sketch its activities in the western United States.

Pearl Bailey, Entertainer, Dies at 72

By John S. Wilson
New York Times Service

NEW YORK — Pearl Bailey, the entertainer whose distinctive singing style was enhanced by her expressiveness and mischievous witticisms, died Friday in Philadelphia. She was 72.

Details surrounding her death were not released by the hospital, but she had a long history of heart ailments.

Tall, buxom, exuberant and handsome, Pearl Bailey enraptured theater and nightclub audiences for a quarter-century by the langorous sexuality of her throaty voice as well as by the directness of her personality.

Everything she sang came out "Pearlie Mae style," whether it began as the so-called risqué songs that were a staple of her nightclub acts or the songs she sang in "Hello, Dolly!" "House of Flowers," "St. Louis Woman" and other Broadway musicals.

In truth, however, Miss Bailey never "just sang a song." The stage Pearl Bailey was a close reflection of the private Pearl Bailey.

"The way I sing is the way I live," she said.

Her talents as an actress and singer were perhaps best combined in her role as the bumptious Dolly Gallagher Levi in the musical "Hello Dolly!"

She was Dolly on Broadway for two years, from 1967 to 1969.

At one time she took the show to Washington, and President Lyndon B. Johnson attended. Waving to him at the curtain, Miss Bailey brought the house down with an offhand aside: "I didn't know this child was going to show up."

Then she brought him on stage for a sing-along chorus of the title song.

In films, the entertainer was celebrated chiefly for two roles — Maria in "Porgy and Bess" and Frankie, a roadhouse girl, in "Carmen Jones."

But Miss Bailey's gifts were best savored in the nightclub, where she was able to establish a marked degree of intimacy with her audiences. There, her digressions, asides and aphorisms enhanced her songs.

"I'm not a comedienne," Miss Bailey once remarked in attempting to describe herself. "I call myself a humorist. I tell stories to music and, thank God, in tune."

Among her best-known songs were "Tired," "Two to Tango," "Birth of the Blues," "Toot Toot Tootsie, Good-bye," "Row, Row, Row," "That's Good Enough for Me" and "15 Years."

Reuters-UPI

Miss Bailey: "I tell stories to music and, thank God, in tune."

Miss Bailey had a bluntness that some found disconcerting.

Once President Richard Nixon invited her to the White House and asked her to become his "ambassador of love."

In her account of the colloquy that followed, Miss Bailey reported: "I don't join anything. I'm not a member of anything and I don't pay dues.

"I told Mr. Nixon I will do anything for my country. But no one can use me. I don't want to be used. And I said to him that when I go out among the people and they see me, they'll say, 'My Lord, they sent Pearlie Mae,' and they'll think, 'Somebody must be trying to do somethin.'"

Miss Bailey was equally blunt with those who criticized her because the cast of her "Hello, Dolly!" was all black. "I wasn't hired to do an all-colored 'Dolly.' It was just one of those things," she said.

Pearl Mae Bailey was born on March 29, 1918, in Newport News, Virginia, the youngest of four children of black and Creek Indian ancestry.

Miss Bailey's parents were divorced when she was a child, and her mother remarried and moved to Philadelphia.

Her only brother, Willie, was a tap-dancing protégé of Bill (Bojangles) Robinson, and performed for a time as Bill Bailey.

He once chased her from the theater where he was rehearsing, and to get back at him, Miss Bailey, at 15, entered an amateur contest.

She sang "Poor Butterfly" and "Talk of the Town," did a tap dance and won first prize.

Her first New York appearance was in 1941 at the Village Vanguard.

She sang briefly with the Sunset Royal Orchestra and with Count Basie's band, and for two years, 1943-44, toured with Cootie Williams's band.

In 1944 she was booked into the Blue Angel, a prestigious New York supper club, for two weeks.

Her performance, particularly her amusing version of "Tired," won glowing notices, and she stayed at the club for eight months. Columbia Records put her under contract — "Tired" was one of her first releases — and she made a theater tour with Cab Calloway's orchestra as an "extra added attraction."

In addition to "Carmen Jones" and "Porgy and Bess," she appeared in the films "Variety Girl," "Isn't It Romantic," "Father's Day," "That Certain Feeling" and "St. Louis Blues." She received a special Tony Award in 1968 for her performance in "Hello, Dolly!"

Miss Bailey's husband is the jazz drummer Louis Bellson.

■ *Other deaths*

George Seabrook Wing, 74, the self-taught aeronautical engineer who invented the rivet fasteners used in virtually all aircraft today and founded Wing Aircraft Co., on Tuesday of cancer in Torrance, California.

Henry Crown, 94, a billionaire industrialist who bought the Empire State Building in 1951 and sold it 10 years later because it "no longer interested" him, on Tuesday in Chicago.

Brendan O'Rourke, 7, who was embraced by Pope John Paul II in 1987 in a symbolic gesture of compassion and acceptance of people with AIDS, on Friday in San Francisco of an AIDS-related illness.

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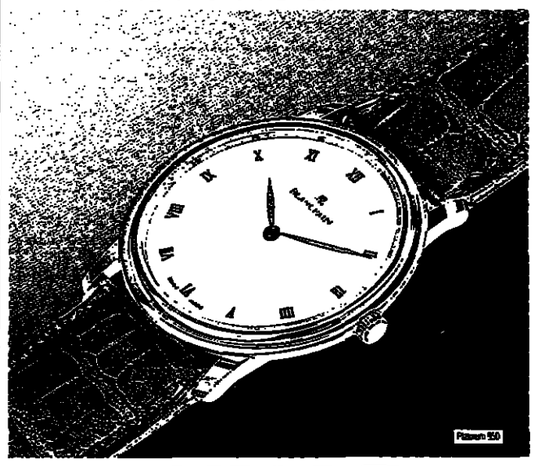

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Portugal	Esc.	31,000	30,500	17,000
Spain (mail)	Ptas.	35,000	25,080	19,200
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	38,000	22,040	20,900
—***hand delivery Madrid	Ptas.	51,480	—	25,740
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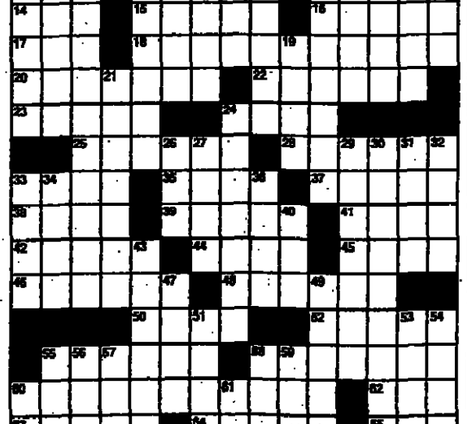
15 "—— Pacific," 1949 musical
16 Boredom
17 Tool that makes holes
18 Where to see kickers
20 Most adroit
22 Exactly
23 Musical gps.
24 Energy source
25 Welles and Bean
28 Interlocks
33 Melancholy
35 —— off (cheats)
37 Imperturbable one
38 Torino coin
39 Encourages
41 Beige
42 Kilns
44 Cicatrix
45 Stretched, with "out"
48 Tops of ranges
49 Kind of play or crown
50 Picasso medium
52 Philippine island
55 —— Leone
58 Dispute
60 Where to see aces
62 —— will (enmity)
63 Gall
64 Expunge
65 Dundee denial
66 Certain canasta cards
67 Soft drinks
68 Novelist Kesey

DOWN

1 Texan's acres for farming
2 Debase
3 Where to see eagles
4 Evaluate
5 Writer Anita
6 Tubular passage
7 Common abbr.
8 Scarlett's man
9 Maligns
10 Module or monad
11 Dirk of yore
12 Southwestern bulrush
13 A Caesar
19 Space
21 Intimidations
24 Appearances
26 A feast —— famine
27 Pen points
29 Pittsburgh football pro
30 Where to see hat tricks
31 Emerald Isle, to a Gael
32 Sail before the wind.
33 Coalition
34 Fabulist
36 Sirius or Rigel
40 —— Lanka
43 O. Henry products
47 Titles of respect
48 Dentures or licenses
51 Shoe features
53 Anatomical tissues
54 Actress Terry
55 Clairvoyant
56 Pertaining to
57 Begrudge
58 Four-sided figure, for short
59 Major or Minor constellation
60 Explosive
61 Gold, in Cádiz



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Solution to Friday's Puzzle

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FACE-OFF IN THE GULF: United Nations demands the release of foreigners detained in Iraq and Kuwait

The World Versus Iraq: Multilateral and National Moves

This table shows measures by governments acting collectively through multilateral organizations and steps by individual governments.

International Decisions Against Iraq

These measures, adopted in multilateral forums, are being carried out by member countries unless otherwise specified in the list of national actions.

United Nations Security Council It adopted Resolution 660, demanding the immediate, unconditional withdrawal of Iraqi forces from Kuwait; Resolution 661, imposing mandatory and comprehensive sanctions on Iraq, and Resolution 662, invalidating the annexation of Kuwait. Of the 15 nations on the council, 14 supported Resolution 660 (Yemen was absent), 13 supported Resolution 661 (with Yemen and Cuba abstaining) and 15 voted in favor of Resolution 662. The sanctions prohibit all 159 countries in the United Nations from doing business with Iraq or Iraqi-occupied Kuwait, including buying oil or having financial dealings. It unanimously adopted a resolution demanding that foreigners be allowed to leave Iraq and Kuwait. It has not approved military action to enforce sanctions.

Arab League Twelve of 21 members voted to support sending an Arab expeditionary force to Saudi Arabia as protection against possible Iraqi aggression. In favor were Saudi Arabia, Egypt, Syria, Bahrain, Qatar, Oman, the United Arab Emirates, Kuwait, Morocco, Somalia, Djibouti and Lebanon; Iraq, Libya and the Palestine Liberation Organization voted against the resolution; Jordan, Mauritania and Sudan backed it "with reservations"; Yemen and Algeria abstained; Tunisia was absent.

European Community The EC agreed to suspend trade and military cooperation agreements with Iraq and freeze Iraqi and Kuwaiti assets.

Western European Union The WEU is considering steps to send a European naval task force to the Gulf.

North Atlantic Treaty Organization NATO pledged to defend Turkey if attacked by Iraq.

Organization of Petroleum Exporting Countries OPEC accepted Saudi Arabia's call for an emergency session on Tuesday to consider higher production ceilings designed to compensate for the absence of about four million barrels a day (17 percent of OPEC-exported oil) lost by the UN embargo.

Additional Actions

Announced by individual nations.

Australia It sent two guided-missile frigates and a supply ship to the Gulf; pledged to interdict Iraqi ships in support of UN sanctions.

Bahrain It extended facilities to the British airforce.

Bangladesh It contributed 1,200 troops to the force in Saudi Arabia.

Belgium It dispatched two minehunters and one supply ship to the eastern Mediterranean that are apparently en route to the Gulf.

Britain It backed the U.S. military expedition in Saudi Arabia; sent two squadrons of fighter-bombers to the region; offered the use of British bases; reinforced its Gulf naval force; pledged to interdict shipping to Iraq.

Canada It sent two destroyers and a supply ship to the armada in the Gulf.

Denmark It ordered its merchant ships to act as resupply vessels for Arab and Western forces in Saudi Arabia and the Gulf.

Egypt It contributed 6,000 troops to the force in Saudi Arabia.

France It expanded its naval force in the Gulf to eight ships and 3,500 men by sending an aircraft carrier with anti-tank combat helicopters, a guided-missile cruiser and two fleet tankers; ordered its warships to firmly enforce the UN embargo; extended help of undisclosed nature (known to include sales and shipments of anti-chemical-war equipment) to Gulf states.

Greece It permitted U.S. warplanes to cross Greek airspace but refused permission for U.S. forces to use bases in Greece for action in the Gulf.

Italy It permitted U.S. forces to use NATO bases on its soil and moved two warships to the eastern Mediterranean in readiness to join a WEU task force in Gulf.

Japan It pledged economic help; said it was considering actions "without precedent" by postwar Japan, including sending communications and other noncombattant military personnel to Saudi Arabia.

Jordan It pledged, in principle, to apply UN sanctions but has declined full support in practice.

Mexico It announced plans to increase its oil production.

Morocco It contributed 1,200 troops to the force in Saudi Arabia.

The Netherlands It sent two frigates, one specially equipped for air defense, to the Gulf.

Nigeria It proposed to increase oil production by 200,000 barrels a day as part of any OPEC plan.

Pakistan It contributed 5,000 troops to the force in Saudi Arabia.

The Philippines While still considering whether to permit the use of U.S. bases, it is seeking partial exemption from applying the sanctions, apparently to allow food to be sent to the large numbers of Filipinos in Iraq.

Portugal It allowed U.S. forces to use bases.

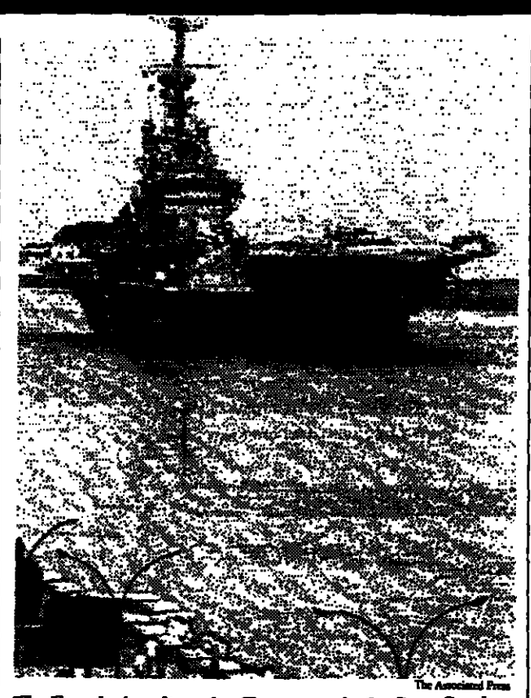
Saudi Arabia It mobilized its forces; requested military assistance from the United States, Britain and Arab and Muslim nations; closed its pipeline carrying Iraqi oil.

Soviet Union It sent two warships to the Gulf; said it would consider joining any UN-ordered campaign to interdict shipping in violation of sanctions.

Spain It allowed U.S. forces to use bases; may join the WEU naval force.

Switzerland It adopted UN-imposed economic sanctions for the first time by embargoing arms, oil and most other trade; froze Iraqi and Kuwaiti assets.

Syria It contributed 2,000 troops to the force in Saudi Arabia.



The Associated Press

The French aircraft carrier Clemenceau in the Suez Canal.

Turkey It shut down both pipelines carrying Iraqi oil; agreed to U.S. use of Turkish bases and accepted deployment of U.S. F-111 bombers. Parliament voted to authorize the government to declare war, send troops into combat and allow foreign forces on Turkish soil in the event of an Iraqi attack.

United States It pledged to defend Saudi Arabia and undertook its biggest foreign deployment since the Vietnam War in sending air, ground and naval forces to Saudi Arabia and the Gulf. Those forces include an estimated 30,000 troops so far on land and up to 20,000 men aboard ships. Saudi-based U.S. air power includes an estimated 100 fighters and 5 AWACS early-warning planes. Carrier-based air power amounts to at least 240 planes. Other U.S. aircraft in the region include B-52 bombers and 22 F-117 Stealth fighters. The naval task force includes two aircraft carriers, together with more than 20 guided-missile cruisers, destroyers and resupply ships and an undisclosed number of submarines on station in or near the Gulf and the Red Sea. Reinforcements involving at least 50,000 Marines and other ground troops are en route, plus two aircraft carriers and a battleship. It has pledged to interdict shipping operating in violation of UN sanctions.

United Arab Emirates It offered facilities to Western forces.

Venezuela It plans to boost oil production by 400,000 to 500,000 barrels a day.

West Germany It sent minesweepers and a supply ship to replace NATO ships reassigned to the Gulf; offered the use of bases by U.S. forces; declined to send troops to Saudi Arabia but may act militarily in the Gulf under WEU auspices.

EC membership: *Belgium, Denmark, France, West Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom.*

WEU membership: *Belgium, France, West Germany, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom.*

Arab League membership: *Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine Liberation Organization, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen.*

NATO membership: *Belgium, Canada, Denmark, France, West Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey, United Kingdom, United States.*

OPEC membership: *Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela.*

The UN Security Council *has five permanent members – Britain, China, France, United Kingdom, United States – and 10 rotating members, currently Canada, Colombia, Cuba, Ethiopia, Finland, Ivory Coast, Malaysia, Romania, Yemen, Zaire.*

The table was compiled by the International Herald Tribune on the basis of news reports and information from embassies and the International Institute for Strategic Studies.

U.S. Guards List of Hostages, But Interviews Yield Details

By Lisa Belkin
New York Times Service

NEW YORK — In a windowless room of the State Department building in Washington, a carefully guarded list of nearly 2,000 names is said to contain all the information the government has managed to gather on the Americans stranded in Iraq and Kuwait.

It includes their names, their purposes for being in the region, their ages, hometowns, relatives' names and phone numbers, when they were heard from last.

These are people trapped in the middle of the Gulf crisis, and their status seems to grow more precarious with every pronouncement from Baghdad:

On Friday night, Iraqi officials announced that Americans in the region would be detained until "the danger of oppression has been eliminated" and that they would be moved to military bases and other strategic installations.

Iraq said Saturday that the naval blockade could limit the amount of food available to feed the foreigners, a group, the announcement pointed out, that includes old people and babies.

On Sunday, Iraq ordered Westerners in Kuwait to go to three hotels and said that "anyone who does not comply with this call, he and his government will bear full responsibility for any undesirable consequences."

In the past two days some relatives of the stranded Americans have become increasingly reluctant to release details about them, such as their last known whereabouts, for fear that would make them easier for Iraqi officials to find. But most are more than willing to talk about the sort of people their relatives are.

Although the State Department has declined to provide the list of the trapped Americans, it has been possible to learn about some of them from dozens on interviews with employers and family members.

There appear to be few blacks, Hispanics and Jews among the Americans in Kuwait and Iraq, because the region tends not to be hospitable to those groups. For the same reason, there appear to be few women traveling alone.

Otherwise, only three generalizations can be made about the Americans who find themselves in Iraq or Kuwait: They carry U.S. passports, they are adventurous enough to have traveled halfway around the world and right now they would probably rather be someplace else.

Many are from Texas, but there are some from nearly every state.

Some are infants, and at least one is young and on her own — 14-year-old Vinil Polam, who was flying alone for the first time, from her home in Pittsburgh to her grandparents home in India when her plane made a stopover in Kuwait in the middle of the invasion.

Some are not that young, such as William Hollingsworth, 63, and his wife Nancy, 62, who lived in Huntsville, Alabama, until he retired from the military last year and the couple decided to spice up their lives by moving to Kuwait, where Mr. Hollingsworth was doing civil service work.

A large percentage appear to be there alone, as is Gary Wade Duncan, 41, of El Dorado, Arkansas, who spent the six weeks before the invasion helping to build a chemical plant in Iraq.

Others are there with their families.

Receiving a lot of attention in the news media lately are the Bazners, who were on the way to Malaysia, where Kevin Bazner works as a vice president for A&W Restaurants International.

It was their situation that the ABC news correspondent Ted Koppel raised with Iraq's foreign minister, Tariq Aziz, during a live interview Wednesday night.

At the time, Mr. Bazner was one of 35 Americans being held at the Rasheed Hotel in Baghdad with his wife, Dawn, and two children, one of whom is six months old and needs medical treatment.

The whereabouts of those 35 is now uncertain since they were moved from the Rasheed on Friday.

Not surprising, a large number of the Americans work for oil companies.

Two Chevron employees, both chemical engineers who were on a three-week consulting trip to Kuwait have not been in touch with the company since Aug. 2, the day of the invasion. A company spokesman said the State Department list indicated that one of the two contacted the U.S. Embassy in Kuwait City on Aug. 11.

Santa Fe Drilling Company of Alhambra, California, and OGE Drilling of Houston have six American employees between them who were working as joint consultants on a drilling project near the Iraq-Kuwait border. They were apparently removed from their posts by Iraqi soldiers during the invasion and taken to Baghdad.

But other types of companies employ Americans as well, a reflection of the wide ranging nature of American business activity in the region, particularly in Kuwait.

Boeing has two field representatives in Kuwait, both of whom are American and live there to serve as liaison between the company and the airlines in the area that operate Boeing aircraft.

General Motors, which sold 15,000 cars to Iraq in 1988 and 1989 has four American employees in that country, two of whom are there to begin work on a planned GM assembly plant near Baghdad.

A spokesman said that project was suspended the day of the invasion.

Some Americans consider the area home, like 31-year-old Beth Hanken of Monticello, Iowa, who has lived in Kuwait for five years with her Kuwaiti husband.

Others, like George and Deborah Saloom of San Francisco, never had a chance to get their bearings. The Salooms and their 17-year-old son Preston arrived in Kuwait, where George Saloom was to begin a job working for the national bank, two hours before Iraqi forces crossed the border.

The Associated Press

Secretary Cheney visiting the air base at Dhahran with a Saudi official, Sheikh Othman al Homaid.

Paris Sought Separate Hostage Deal

By Joseph Fitchett
International Herald Tribune

PARIS — Arab diplomats said Sunday that France secretly sought to obtain special treatment for French citizens trapped in Iraq and Kuwait, including a possible separate release for them, at a time when the French government officially was supporting the European Community governments' policy of seeking to free all potential Western hostages.

When this separate French bid appeared to reach a dead end, they said, President François Mitterrand adopted a harsher public stance against Iraq on Sunday and swung France more into the wake of U.S. and British policy in the Gulf.

French officials declined to confirm or deny that Mr. Mitterrand had sought to bargain with Baghdad, but the Arab sources said France had asked the Palestine Liberation Organization to try convincing President Saddam Hussein of Iraq that French citizens should be viewed in a different light from other Westerners.

The request for Palestinian intercession, they said, was conveyed to Yasser Arafat, the PLO leader, during talks in Tunis last week with former French foreign minister Claude Cheysson, who was one of a dozen special envoys sent to Third World capitals by Mr. Mitterrand to explain the French position in the confrontation with Iraq.

On Saturday, a PLO official announced that the Baghdad regime intended to treat French citizens "as friends," implicitly putting them in a different category from citizens of countries blockading Iraq to enforce UN sanctions.

In an interview broadcast Saturday by state-run French radio, the PLO official, Bassam Abu Sharif, said Iraq had promised special consideration for France after Mr. Arafat had received a request from Mr. Mitterrand to help French citizens.

When Mr. Hussein announced Saturday that Iraq was going to intern Westerners, the Paris government apparently was uncertain about whether French citizens would be included by Iraq in the category of "nationals of aggressive nations" to be held hostage.

At that point, France was still carefully distancing itself from the U.S.-led drive to mount an international naval blockade on Iraq.

Publicly, Paris officials were denying any knowledge that French citizens had been put in detention in Iraq and were being treated as hostages.

That stance shifted Sunday after a French television network broadcast accusations that the government was covering up the plight of French people being held prisoner in Iraq.

A woman identified only as an Air France hostess said on TF1, a privately owned network, that France had known about their predicament for three days, but had said nothing. The implication was that French officials had been hoping that secret negotiations might work, commentators said.

Shortly afterward, French officials confirmed that 27 French people had been picked up and taken to an undisclosed location by the Iraqis. It was the first official acknowledgment in Paris that French people were being held along with U.S., British, West German and other West European citizens. In all, there are 560 French citizens still believed to be in Iraq and Kuwait.

The Arab diplomats said they had seen no indication that the United States or any other major European nation had sought to obtain special consideration for its citizens.

A Western official said, "There is no proof that France officially did anything specific contradicting Western unison [in] demanding that Iraq free foreigners."

But he added that any feeler from Paris for special treatment, coupled with France's hesitation to step up military pressure on Iraq, may have encouraged calculations in Baghdad that Western ranks could be divided.

Until the invasion of Kuwait, France had close ties with Baghdad, partly in an effort to obtain payment of 25 billion French francs (about $5 billion) for French arms sold to Iraq during the war with Iran and afterward. France has been the Western frontrunner in extending recognition to the PLO and Mr. Arafat.

More than any other Arab leaders, PLO officials have sought to remain closely aligned with Iraq, although their degree of influence with Mr. Hussein appears slight.

PLO indications that Paris might be spared a hostage problem, the Arab diplomats said, probably reflected misleading Iraqi promises intended to confuse and perhaps soften French policy as long as possible.

But the Arab diplomats who confirmed the French initiative for PLO help said that they did not know whether Mr. Arafat had actively pursued the French request or what reply he had obtained in Baghdad.

Unanimity in UN: Free Foreigners

By John M. Goshko
Washington Post Service

UNITED NATIONS, New York — The UN Security Council has demanded unanimously that the Iraqi government release the thousands of foreign citizens it is detaining in Iraq and Kuwait.

The resolution was adopted by the 15-nation council hours after Secretary General Javier Pérez de Cuéllar said he was sending two high-ranking UN officials to Baghdad for talks on the fate of the foreigners.

The UN moves Saturday were prompted by the announcement by Iraq's National Assembly speaker that detained citizens of "aggressive nations" would be moved to military and industrial sites likely to be targets should warfare break out with U.S.-led forces.

The U.S.-proposed resolution "demands that Iraq permit and facilitate the departure from Kuwait and Iraq of the nationals of third countries and grant immediate and continuing access of consular officials" to those foreigners.

The resolution was passed hours after Baghdad warned that the captives would suffer from all food and other shortages arising from sanctions against Iraq. The Security Council called on Iraq to "take no action to jeopardize the safety, security or health" of the detainees.

It also demanded that Iraq "rescind its orders for the closure" of foreign embassies in Kuwait City.

The U.S. ambassador to the United Nations, Thomas R. Pickering, told the council after the vote that "Iraq crossed the Rubicon" in the preceding 24 hours by making it clear that it was "planning to use innocent third-country nationals as human shields around military installations."

The resolution was passed despite accounts by diplomatic sources saying that some Security Council members had favored delaying a vote until after Mr. Pérez de Cuéllar had had a chance to defuse what is potentially the biggest hostage-taking incident in modern history.

Mr. Pérez de Cuéllar announced his initiative in Lima in response to a request from the Security Council that he take all "appropriate" steps to win release of the foreigners, who were detained after Iraq's invasion of Kuwait Aug. 2.

His chief of staff, Virendra Dayal, and the UN controller, Kofi Annen, are to arrive in Baghdad on Monday. Mr. Pérez de Cuéllar said they would "make contact with the appropriate authorities and study the best way to find a solution to the foreigners' situation," Reuters reported from Lima.

The UN, dealing with its first major crisis of the post-Cold War era, has shown remarkable unanimity in demanding that Iraq's aggression be rolled back. The Security Council, without a dissenting vote, has adopted resolutions calling for Iraqi withdrawal from Kuwait, imposing far-reaching economic sanctions against Iraq and declaring its annexation of Kuwait as "null and void."

Until now, however, it has balked at taking military action. Many members have criticized the U.S. interdiction of Iraqi shipping, and there has been a clear consensus here that diplomacy and economic pressure should be given a full trial before more drastic action is contemplated.

At the suggestion of the Soviet Union, the five permanent members of the Security Council are discussing whether a UN military committee can take a role in putting the UN flag over a multinational naval blockade to enforce the sanctions.

But while three meetings were held about this here and in Washington this past week, sources familiar with them said progress had been slow. China reportedly has been particularly skittish about the idea of the UN taking any military action, and the other permanent members are unsure how far member states would go in surrendering control over their forces to the world body.

IRAQ: *Offer Is Rejected*

(Continued from page 1)

resulting from acts against them by hostile elements."

Al Ahmadi, at which a major refinery and terminal are situated, is about 15 kilometers (9 miles) south of the city of Kuwait. Al Jahra is nine kilometers west of the capital. The ministry statement gave no deadline for the assembly process.

Iraqi officials issued similar orders Thursday, but the few foreigners who did turn up at the hotels found no Iraqis there to receive them, and most returned to their homes.

However, the British Foreign Office said Sunday that the Iraqis had already moved some foreign nationals to strategically sensitive military and oil-producing installations that might be targeted by the forces massing in the Gulf.

In a message carried by the BBC World Service, the Foreign Office said it had reports that Britons were being rounded up from hotels and were being held at checkpoints in the Kuwaiti capital.

The West fears that foreigners will be sent to Iraqi military bases, water desalinization plants, oil refineries and other installations.

CRISIS: *Bush Has No Easy Options on the Hostages*

(Continued from page 1)

as pawns to promote what Iraq sees to be its self-interest is contrary to international law and indeed to all accepted norms of international conduct."

But this use of language about international norms and laws only underscored a larger problem for the administration represented by the captives issue. Mr. Hussein parted ways with all accepted norms of international conduct a long time ago. He plays by his own rules, which are no rules at all.

The Iraqi leader is saying, in effect, that he is prepared to subordinate all questions of international law and civility to preserve his occupation of Kuwait.

He will hold foreigners at key military and civilian installations to deter attack by the Western forces ranged against him, and he will put his captives on the same starvation diet that the United States is trying to put the Iraqi people on.

When faced with hostage crises, Mr. Bush's two predecessors, Mr. Carter and Ronald Reagan, found it difficult to subordinate the lives of American captives to their larger policy goals. Both the Carter and Reagan administrations were politically damaged by their efforts to free hostages — Mr. Carter in the failed attempt to rescue the American diplomats in Iran and Mr. Reagan in the attempt to win release of Americans in Lebanon that led to the Iran-Contra scandal.

But the dilemmas for Mr. Carter and Mr. Reagan were, in some ways, simpler. The hostage crises were forced on them by kidnappers from afar. The fate of the hostages — and how much to do or not to do on their behalf — were the central issues. The larger issue involved was whether the United States might be encouraging further hostage-takings by bargaining with terrorists and kidnappers.

The situation is different for Mr. Bush. The central issue for him, as he has defined it, is the reversal of the Iraqi invasion of Kuwait to preserve the international order and the protection of vital U.S. economic interests in Saudi Arabia.

The question Mr. Bush may soon be squarely facing is whether, in pursuit of his larger goals he would be ready to risk the lives of the 3,000 Americans, as well as other foreigners, in Iraq and Kuwait.

Mr. Bush's options at this time are not particularly attractive. He can continue to respond in a restrained manner to the Iraqi leader's escalating use of American and other foreign captives, seeking U.S. condemnation as he has done, and hope that the Iraqi threats will not be carried out. But that would seem to be a holding action at best.

Attempting a rescue mission would be highly risky, given the degree to which the foreign nationals are spread out and the likelihood that any rescue attempt would precipitate not only violence against the civilians by Iraqis, but also the outbreak of a fullscale war.

Another option, which administration officials say they have ruled out, would be to restrict Iraqi citizens and diplomats in the United States. American officials say this would "not be appropriate."

In the end, though, if the crisis keeps escalating, Mr. Bush may have no choice but to make the hardest choice of all: putting the national interest, as he defines it, ahead of the safety of the U.S. civilians caught in the vortex of a distant war.

First U.S. Gulf Victim Is Buried in California

Reuters

WEST COVINA, California — The first U.S. serviceman to die in the Gulf crisis was buried Saturday with full military honors in a ceremony in which his death was described as a sacrifice for peace. Staff Sergeant John Campisi of the Air Force, 30, a father of four, died Aug. 12, when he was hit by a truck on a darkened Saudi Arabia runway where U.S. troops were setting up an operations base.

Mishap Slows Flow in Suez

The Associated Press

CAIRO — Traffic was held up for six hours after a Maltese oil tanker hit a bank of the Suez Canal Saturday and started spilling oil, waterway sources said.

HOSTAGES: *Foreigners Urged to Resist Roundup*

(Continued from page 1)

als is to stay at home and maintain a low profile."

The BBC message said that the Foreign Office had received reports from British embassies in Kuwait and Baghdad that Iraqi authorities had moved some groups of foreign citizens to sites of strategic importance.

"The Iraqi authorities have said that some foreign nationals, including Britons, have been taken away from hotels in Baghdad," the message said. "The Foreign Office also has reports that Britons have been among those removed from hotels in Kuwait and detained at checkpoints in Kuwait City."

France confirmed on Sunday that 27 French nationals were being held in Iraq after the wife of one hostage accused Paris of keeping their detention secret for three days.

A Foreign Ministry spokesman said the French citizens had been taken to unknown locations shortly after the unidentified Frenchwoman appealed in a television interview for their rescue.

The woman said the hostages included her husband and a 4-year-old girl traveling without her parents.

The Foreign Ministry spokesman said, "Iraqi authorities informed us officially on Saturday of their intention to implement the measures they announced recently concerning foreigners held in Iraq and Kuwait." He did not say precisely when the government learned of the French group's removal.

It was the first acknowledgment by Paris that French nationals were being held.

(Reuters, AP, AFP, WP)

FORCE: *Warning Shots Are Fired*

(Continued from page 1)

tanker Sunday as it sailed in the Gulf, but the Pentagon and shipping sources in the region could not confirm the report.

Mr. Cheney later told reporters traveling with him in Bahrain that the United States wanted voluntary compliance with the sanctions but that U.S. warships were authorized to use force if necessary to halt goods going in and out of Iraq.

"No," he snapped when asked if the United States was backing away from President Bush's interdiction order to enforce the embargo.

"I cannot be in the position of giving you a blow-by-blow of individual operational matters as they unfold," Mr. Cheney said.

The defense secretary will meet Monday with government officials in Oman and the United Arab Emirates before flying to Jidda for talks with Saudi officials.

The United Arab Emirates, meanwhile, agreed to the deployment of unspecified "Arab and friendly forces" on its soil as part of multinational efforts to protect the Gulf region, the Emirates news agency said Sunday.

Elsewhere in the region, an official in the Jordanian port of Aqaba said U.S. warships prevented a Sudanese ferry from entering the port Sunday to pick up 550 Sudanese who had escaped from Iraq and Kuwait.

In an apparent softening of the Iraqi position on the use of poison gas, Foreign Minister Tariq Aziz said in an interview from Baghdad on U.S. television that in any conflict Iraq would not use chemical weapons against the United States unless Washington used nuclear weapons first. *(Reuters, WP, AP)*

FACE-OFF IN THE GULF: A U.S. strike against Baghdad might lack firm domestic support

For Western Europe, a Major Stake in Resolving the Crisis

The Western European Union, an organization for defense cooperation made up of nine European nations, will hold a ministerial meeting Tuesday to consider creating a task force in the Gulf. Willem van Eekelen, former defense minister in the Netherlands and currently secretary-general of the union, talked with Joseph Fitchett of the International Herald Tribune about Western Europe's reaction to the crisis.

Q. Do the latest moves by Iraq and the West make armed conflict more likely?

A. Not necessarily inevitably, because I think Western action has been adequate so far. I cannot see circumstances under which it would be to Iraq's advantage to start armed conflict. I anticipate a prolonged military stalemate. The best way to avoid escalation is to maintain a united front of U.S., European and Arab forces.

Q. Is Western strength in the Gulf reaching the point where offensive action could be launched against Iraq?

A. I don't foresee armed intervention to dislodge Iraq by force from Kuwait. Can we deter further Iraqi aggression? Our naval presence is probably going to be sufficient, but it remains less certain on the ground and in the air.

Q. How would you characterize the thinking of European governments at this point?

A. We in Western Europe see the need to act so that the United States is not left to have to do the job alone. Europeans

MONDAY Q&A

appreciate that the rapid American action may have saved the simation, but now it is of the essence that we join in every way feasible in order to help sustain the U.S. commitment.

Besides adding military assets, Europe wants to show that this is not just a U.S. commitment. This is especially important because Saddam Hussein is trying to divide us with psychological warfare over the hostages and by claiming that developments in the Gulf are a U.S. or Zionist plot.

I want to stress that, while Europe obviously has a major economic stake because we are even more dependent than the United States on Middle Eastern oil, it is very plain that Europe, in this crisis, also sees its political interest in Western solidarity. We have a political stake in proving that aggression does not pay.

•

Q. Are you satisfied with the European response so far?

A. Europe has reacted in dispersed order. Ideally, we should have got together at the outset to determine the military mission and parceled out tasks, but nations sent forces individually and in some cases waited for UN action.

But now we have reached a stage where everyone has recognized the need for a framework of coordination among the European forces, and others that want to join, and for liaison with the United States and the Arab forces.

Q. Will European warships seek to interdict shipping that violates the embargo?

A. Yes, and I expect that we will formulate a common position on Tuesday. Navies can challenge their own nations' merchant ships and arrange for, say, an Italian patrol to act on behalf of the Netherlands if there are no Dutch ships nearby. But the difficult question we are discussing is whether they use force against ships of third countries that are hostile to inspection.

•

Q. Will the Western European Union set up a military command? Or do you expect a United Nations command?

A. I welcome the establishment of a UN military staff committee, but it seems doubtful whether any operational command can be established quickly. There is no precedent for one at the United Nations.

The WEU will probably achieve some integration among European forces, but probably confined to small numbers of countries — for example, Belgium and the Netherlands, perhaps with Britain. Our main goal is a political commitment that would encourage other countries such as Italy and Spain to decide to send forces.

Practically speaking, we will need need close working arrangements in the Gulf with the United States and with the Arabs — for example, to get early warning from AWACS.

Militarily, the European contribution will be qualitatively much superior to the task force dispatched under WEU auspices to the Gulf in 1987 to defend shipping. This force will have vastly more firepower and air defenses to match this threat of Iraqi action.

Q. Will Bonn send German forces outside the NATO area in this crisis?

A. I certainly would welcome that. Part of the German government is in favor of that. Before this crisis. I had the feeling that general German opinion was moving in favor of participation in actions under UN auspices, such as this one.

Q. Will the crisis alter the trend for Western nations to reduce their military efforts?

A. There will still be pressure to cut defense budgets, but the crisis has strengthened the argument that defense forces need to be as flexible as possible, sufficient in numbers and adequately equipped to deal with the whole range of possible scenarios.

For example, Europeans still have no satellites and must therefore depend on the United States for timely intelligence about developments such as the Iraqi military action. It reinforces the view that Europe needs to take more responsibility for its own security interests beyond central Europe.

In Congress, a Note Of Caution About a Military Offensive

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — A leading member of Congress cautioned Sunday that President George Bush did not have the clear support of the American people for a military strike at Iraq.

Representative Les Aspin, chairman of the House Armed Services Committee, said in a televised interview that although Americans have backed the president on the actions he has taken so far in the Gulf, an escalation by the United States at this time might be frowned upon.

"I do not think at the moment he has the political mandate to conduct a military operation inside Iraq or inside Kuwait," said Mr. Aspin, a Wisconsin Democrat. But he added, "That could change."

If President Saddam Hussein escalates the conflict — for example, by harming Americans held against their will in Iraq or Kuwait — the mandate for action would be clear, Mr. Aspin said. Harming the Americans, he said, would be an act of war.

The question of Mr. Bush's support at home, or among other nations, for a preemptive military strike on Iraq is likely to be a crucial element in the thinking of U.S. policymakers as they weigh options in the Gulf crisis.

Israeli officials reportedly believe that without quick military action by the United States, the Gulf could become a policy morass for the United States.

Interviewed with Mr. Aspin, Representative Lee H. Hamilton, chairman of the House Foreign Affairs subcommittee on the Middle East, said he detected deep unease among Americans about the U.S. role in the Gulf.

"They really cannot make up their minds," said Mr. Hamilton, an Indiana Democrat. "They have real doubts in their minds about whether they want the United States to be the superpower, the leader."

Nevertheless, said Mr. Hamilton, so far Americans "do understand the stakes" and do support Mr. Bush's moves.

Congress will support U.S. naval vessels firing on suspicious ships to enforce the embargo against Iraq, Mr. Hamilton said, but the effort must be cast as international and not as a unilateral act by the United States.

Both congressmen said they did not believe that Americans held in Iraq or Kuwait should be the overriding element to be considered by the United States in the Gulf.

■ Impact Taking Hold

Michael Wines of the New York Times reported from Washington:

In only 15 days, while Congress was scattered on summer recess and much of official Washington was on vacation, the Bush administration has committed the United States to its broadest and most hazardous overseas military venture since the Vietnam War.

Unlike Vietnam, which was improvised and incremental, the military has long had contingency plans for a Gulf crisis that made an armed buildup there possible almost overnight.

But to the public and most politicians, the impact of that buildup is only now taking shape. Military strategists, economists, and politicians say it is potentially enormous, affecting the economy, politics, and international relations for years.

How long the forces sent to the Gulf will be in place is something the Bush administration has deliberately kept vague. "Where we'll be a year or two from now, I wouldn't want to speculate," Defense Secretary Dick Cheney said on Friday.

Senator Joseph R. Biden Jr. of Delaware said Saturday that he was "struck by the size of this."

Mr. Biden, a Democratic member of the Senate Foreign Relations Committee, said, "This is a big, big deal. I think the president has an obligation to put in as many forces as necessary to take care of the troops we have there. But quite frankly, I never contemplated talk of 250,000 troops in Saudi Arabia, or talk of an American presence there of several years."

While not criticizing Mr. Bush's actions, Mr. Biden said that the scope of the American action demanded "not only some consultation, but some extensive debate" about the need for allied and Arab involvement in the crisis.

The decision that put in motion the most rapid military buildup in American history was effectively made by Mr. Bush and a small circle of advisers on a weekend at Camp David, shortly after Iraq invaded Kuwait on Aug. 2.

Most congressional leaders were informed of the operation after it was ordered.

Almost 200,000 Kuwaitis Take Refuge in the Gulf States

New York Times Service

AL KHOBAR, Saudi Arabia — More than 100,000 Kuwaitis have taken refuge in Saudi Arabia and perhaps as many again in the other Gulf emirates, according to Kuwaiti and Saudi Arabian officials.

This represents perhaps as much as a quarter of the native population of the Iraqi-occupied nation, they said.

Thousands of Kuwaitis have flocked not only to Saudi Arabia but also to Bahrain, Oman, the United Arab Emirates and Qatar, all members of the Gulf Cooperation Council, where Kuwaiti citizens can live and work without special permits.

The largest number of Kuwaiti refugees has come to Saudi Arabia where the government has mounted a quasi-military operation to supply them with shelter, food and money as they await the outcome of the confrontation with Iraq.

The stream of refugees here grows daily as scores of Kuwaitis make their way out of Kuwait. Thousands of other Kuwaitis who had been stranded in Western Europe, Turkey, the United States and Asia during the invasion are flying in.

"I was in Washington during the invasion on an official mission and I came immediately here to help," said Abdelrahman Ahmad, a member of the Kuwaiti National Assembly and dean of the College of Education in Kuwait.

"This is the closest point to our country. It's where I should be," he said. He is manning one of the reception points in Al Khafji, the border town on the Saudi-Kuwaiti border.

Sheikh Ali Sabah al Salem al-Sabah, a member of the Kuwaiti ruling family and governor of the Al Ahmadi Province of Kuwait, where most of the country's oil reserves are located, said: "It is impossible to know the exact numbers, but our information network estimates that close to 200,000 Kuwaitis were outside the country when the invasion took place because August is a time when many leave for summer vacations."

He added that "most of these are now in the Gulf region, with a heavy concentration in Saudi Arabia. The Saudis have done more than duty requires. We don't feel we are strangers here," he said.

The sheikh is stationed in Al Khafji as part of the infrastructure of the Kuwaiti government-in-exile network that has been put in place over the past two weeks.

Senior members of the ruling family, including the emir and top cabinet officials are in Taif, the summer capital of Saudi Arabia near the Red Sea, living in palaces made available by members of the Saudi royal family.

Other former cabinet ministers and technocrats are stationed in London, Western Europe and in various Gulf countries as well as border posts here to monitor Iraqi activities, help refugees, and organize resistance to the Iraqi troops.

The Saudi government has let it be known that it will extend financial and housing aid to any Kuwaitis seeking refuge here, as did the United Arab Emirates and Oman.

The sultan of Oman and the president of the United Arab Emirates also said their countries will pay for plane fares and living expenses for any Kuwaitis who are stranded in Europe or Asia who want to take refuge there.

It is estimated that out of the total Kuwaiti population of 1.8 million, there are 600,000 to 800,000 native Kuwaitis.

The others consist of about 400,000 Palestinians, many of whom have headed for Jordan. There are tens of thousands of Egyptians and Asians, as well as about 3,500 Westerners who are still trapped in Kuwait.

"Food is plentiful inside as many people have managed to stock their freezers and know where to go to get more," said Sheikh Ali. "The resistance is getting better."

Saudi and Kuwaiti officials said the Iraqis are attempting to organize an armed militia among the Palestinian workers in Kuwait, some of whom had been unhappy about their status there.

But the officials said it appears that the bulk of the Palestinian population is sitting on the sidelines of the conflict.

—YOUSSEF M. IBRAHIM

Israelis Kill a Jordanian Soldier After 2 Violate the Border

By Jackson Diehl
Washington Post Service

JERUSALEM — Two Jordanian Army soldiers crossed into Israel on Sunday morning and clashed with an Israeli Army patrol that killed one of the Jordanians and captured the other, officials said.

The incident, in which no Israelis were reported injured, heightened tension between Israel and Jordan at a time when both fear that they are on the verge of war because of the Gulf crisis.

Though the Jordanian soldiers appeared to be acting independently, Israeli officials claimed that the event bolstered their argument that the government of King Hussein is in danger of losing control.

"Jordan is doing all kinds of things that can't be explained," said an Israeli official, reiterating a message that senior Israeli officials have been stressing in recent days. "We feel we can no longer trust King Hussein."

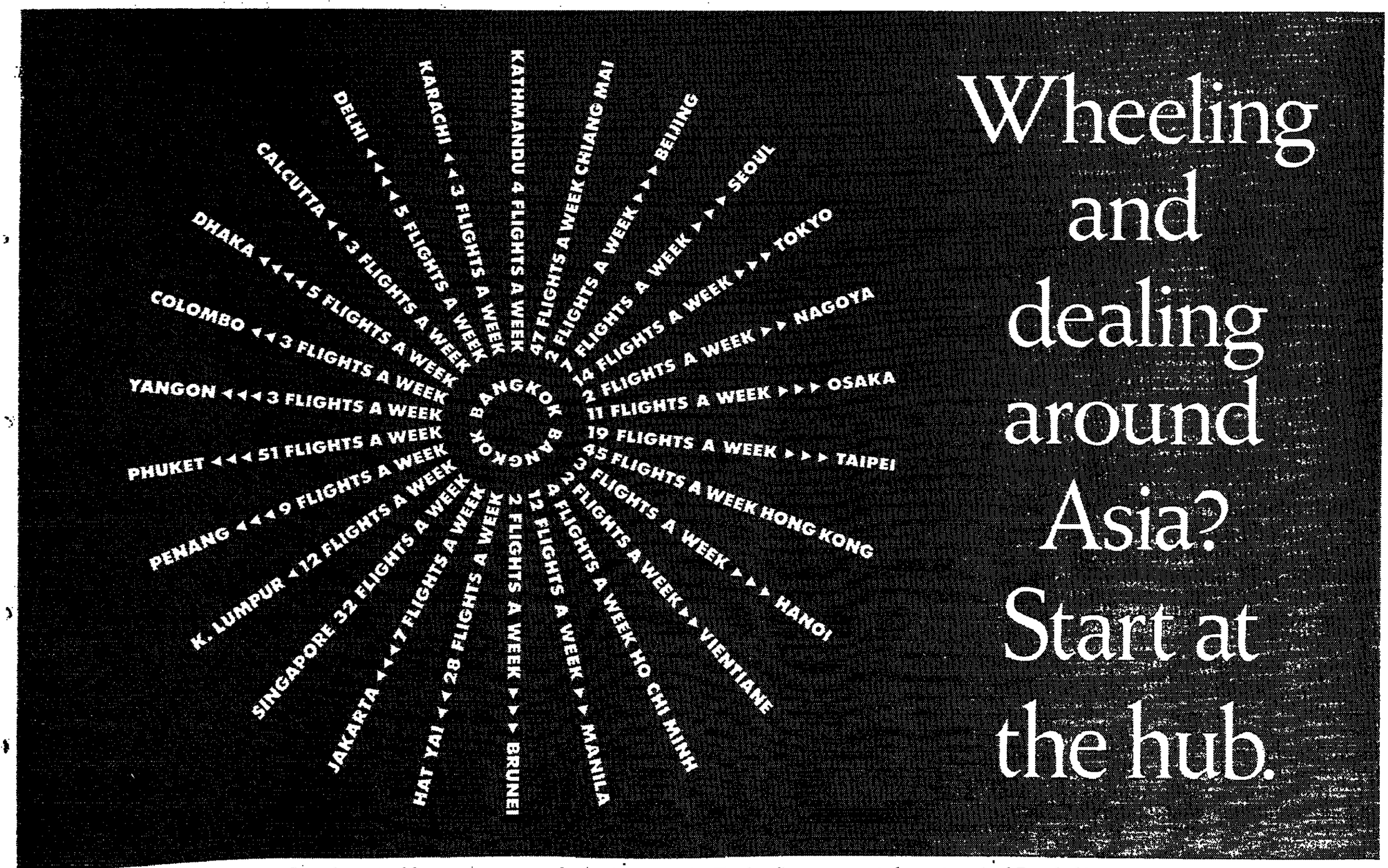
Border incidents are not uncommon between Israel and Jordan, though none had been recorded in the last several months. According to Israeli sources, a Jordanian soldier was captured in April trying to cross the border, and last year there were at least five incidents in which Jordanian soldiers crossed into Israel or fired across the border.

Nevertheless, the incident came at a time when both the Israeli and Jordanian military are on alert. Israel has said publicly that it will take military action if Iraqi forces move into Jordan, and a senior military official told Western journalists last week that the army believes that King Hussein "is blowing the winds of war."

Israeli officials are alarmed not only by the king's qualified support for President Saddam Hussein of Iraq but by his tolerance of widespread popular enthusiasm for the Iraqi cause. The Israelis say up to 80,000 Jordanians have volunteered for a "popular army" to fight for Iraq and claim that the Jordanian Army has begun preparations to train and arm the volunteers.

Jordan, for its part, fears Israel is looking for an excuse to turn Jordan into a battlefield and perhaps push Palestinians living in the occupied West Bank across the border. The king has said he will resist any attempt by foreign forces to move across Jordanian territory.

Official sources said that Israel had recently conveyed private assurances to the king that it has no intention of attacking Jordan and wishes him to remain in power. Defense Minister Moshe Arens has also stressed that Israel will not participate in any blockade of the Jordanian port of Aqaba, less than a mile from the Israeli port of Eilat.



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Herald INTERNATIONAL Tribune
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Objectives in the Gulf

George Bush is under increasing pressure to set out his policy goals in relation to Iraq and the conflict it set off. This is extremely tough. For one thing, some element of mystery as to the ultimate intentions of Saddam Hussein's adversaries, and therefore of worry and uncertainty as to where and how to deploy his resources, is essential to the war of nerves against him. For another, as always in these multiple-ally arrangements, and especially in such an all encompassing one as this, there are things that some of the partners endorse but do not wish to have publicly acknowledged, given the fragility of their domestic political situations. There is also an advantage for the president in not getting out ahead of what public opinion will sanction on the basis of what has already been done by the Iraqis, or getting "in concrete" on policy positions that may need revision soon.

That is one half of the president's dilemma. The other is that some clarity and specificity as to long-term intentions is required to keep some of the most important constituencies aboard and to inform and win over others. The spectrum of possible goals is evident. Starting at the near end, the first is to defend Saudi Arabia so as to ensure a steady global supply of fairly priced oil. This has now been accomplished by, in the first instance, allied military deployments. But it has been done only provisionally, since even if Iraq were to withdraw from Kuwait, keeping both its president and its sinister arsenal, the shadow of menacing Iraqi power would still fall over Saudi territory and oil.

The next goal is to induce Iraq to restore Kuwait so as, mainly, to establish that raw aggression does not pay. This remains undone. Again, a simple Iraqi withdrawal would also leave Kuwaiti territory and oil under the shadow of Iraqi power. Mr. Bush is pursuing the defense of Saudi Arabia by erecting a multinational military shield. He seeks the liberation of Kuwait by mobilizing an international economic embargo. In both instances, an enduring result cannot be achieved until the Iraqi threat is not merely contained but brought to an end.

The Iraqi threat, as almost all of us now understand, consists of Saddam Hussein and his huge army and his gas-missile-nuclear complex. This means that to serve the two limited goals he has embraced, Mr. Bush is ineluctably led on to two far more ambitious goals. One he elliptically acknowledges, while being necessarily vague about means: to see Saddam Hussein removed. A second floats only in the mists between contingency and desire: pulling Iraq's military teeth.

Pure strategists say that President Bush must do what he must: weigh the operational risks but go after Saddam Hussein and his arsenal, perhaps better sooner than later. But democratic political leaders can take difficult acts effectively only in a context of domestic and international support, and there is terrible risk of debacle and rout here if the United States is tempted to act alone and without some fairly strong consensual support from its partners and the American public. At this point, Mr. Bush might not be able to make a full public case for bringing direct force against Saddam Hussein. That could abruptly change, of course, in the event of Iraqi military or terrorist activities, threats to oil flows or mistreatment of hostages — something like that — or in the event that some of Saddam Hussein's officers or citizens took matters into their own hands.

Meanwhile, it still is not obvious how or if the full range of American policy goals up to and including the reduction of Iraq as a threat to global oil and regional peace is going to be achieved. Not even the less demanding goals of protecting the Saudis and Kuwaitis are likely to be met, however, if these more onerous goals are not at least identified and in some measure discussed and explained by the president. Mr. Bush is off to an impressive start in isolating and penalizing Iraq, but Saddam Hussein is not without his own resources of regional popular appeal as well as power and wile. Probably Mr. Bush can only broaden the support he will need to take hard choices in the future if he clarifies in some degree the goals of his policy and the stakes that the United States and its friends have in a successful outcome. We think he can do this without undercutting the allies or giving away the game.

— THE WASHINGTON POST.

Pay the Cost of Energy

Saddam Hussein's plunder of Kuwait only dramatizes something Americans have long known from the bottom of their gas tanks: Oil dependency breeds vulnerability. One way or another, the Iraq crisis will end. But the vulnerability will not — unless America creates a national energy policy.

That is no sanctimonious abstraction; energy policy is a practical need. A sound policy would encourage domestic suppliers, insulate the economy against foreign manipulation, protect the environment and raise revenue. Congress could do it all in a stroke, by increasing energy taxes.

George Bush has followed the Reagan energy policy: reliance on deregulated markets to guide consumers and producers, and on the Strategic Petroleum Reserve to offset supply disruptions. These are sensible principles. Deregulation has raised energy prices and cut use, and the reserve has warded off panic buying. Yet the Reagan-Bush hands-off approach is not enough. Americans account for 2 percent of the world's population but consume an astounding 25 percent of the world's oil. Much of this consumption is wasted because low market prices take insufficient account of real costs.

One is national security. Every extra barrel consumed makes America that much more vulnerable to oil cartel cutbacks. The price Americans pay for imported oil covers none of the likely costs of future supply interruptions brought on by such dependence. Likewise, energy use fouls air and water and contributes to global warming. Yet consumers pay for none of this damage.

□

For all these reasons, consumers are not paying the full costs of energy. The most effective way to do that is higher energy taxes. They would right the balance — and also avert the need for a lot of micro-managing by Congress. Americans would switch to fuel-efficient cars without elaborate regulations; alternative fuels could become competitive without massive subsidies.

Congress would still have to decide which energy taxes to raise, and by how much. Each tax has a different regional and environmental consequence. There are few studies to guide the decision, but a tax that would add between 25 and 50 cents to the price of a gallon of gasoline would make a good start.

Debate over the the pros and cons of various options must not overshadow the underlying principle: Americans are paying too little for energy.

□

The Strategic Petroleum Reserve provides another pillar of energy policy. Large buffer stocks can offset temporary supply disruptions — and radically change oil exporters' calculations. These goals would be better served by expanding the reserve to a billion barrels from 600 million.

Its operating procedures also need revision. The reserve can be opened only by a presidential declaration of an emergency. There are promising proposals to open it on an ongoing basis, subject to a fee that would allow government to replace withdrawn supply at a profit. These proposals deserve serious review, before the next crisis.

□

It is a federal responsibility also to promote new sources of energy. There is a relatively low-cost, non-polluting form of it, which gives France 70 percent of its electricity, Japan 30 percent but the United States only 18 percent: nuclear. One attractive option would be to join with allies in designing a nuclear reactor so safe that all reasonable unease would be allayed.

□

The Iraq crisis has generated new oratory about energy independence. A tax that would take national security and the environment into account would mean only a moderate increase in the energy price. But to achieve independence would require a draconian leap that would stifle the economy and cost millions of Americans their jobs. To press for energy independence for its own sake would be economically suicidal.

A wise energy policy must strike a balance between reduced dependence and an induced depression. The starting point is this proposition: Energy taxes must rise.

— THE NEW YORK TIMES.

Other Comment

This War Would Be Just

Last weekend President George Bush was given a briefing by his National Security Council that galvanized those present. New information gathered by America's intelligence agencies on Iraq's nuclear capability had forced them to make a major reassessment. Saddam Hussein, they told the president, was perhaps only 24 months away from developing his own nuclear weapons, instead of the three to five years the CIA had previously thought. This briefing changed the way the president and his men had been looking at the Gulf crisis. It was no longer enough to free Kuwait. Saddam Hussein had also to be overthrown. The Bush administration is in no doubt that it is preparing for war.

It is to Mr. Bush's credit that he has organized an international resistance to Saddam. If it results in war, there should be no doubt that, like the war against Hitler, it will be a just war, to be pursued until Saddam has been toppled.

— The Sunday Times (London).

[Iran and Iraq,] although divided on many grounds, share common interests, including a desire to raise world oil prices, and a fierce ideological antipathy to the West. Peace with Iran would certainly help Iraq circumvent the United Nations' economic sanctions, if Iran decided to open its land border to trade. President Saddam Hussein's offer to Iran spoke of the necessity of "confronting the evildoers" who had come to the Gulf to "desecrate Islam" — language calculated to appeal to an Arab world increasingly uneasy about the build-up of Western forces in the area. [Iraq's approach to Iran] is an unwelcome deterioration in a perilous situation, and a message to the West that the thief of Baghdad has not played all his cards yet.

— The Age (Melbourne).

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OPINION

Bush Has Crossed a Rubicon in the Saudi Sands

By Henry Kissinger

NEW YORK — The courageous decision by President George Bush to deploy a major military force in Saudi Arabia has raised not only the prospects of success but also the stakes of defeat. The United States has in fact passed the point of no return. It therefore becomes crucial to assess how success and failure are to be defined.

The UN Security Council has unanimously demanded the unconditional withdrawal of Iraqi forces and the restoration of the legitimate government. The United States has justified its interdiction of the seaIanes as a response to a request of the exiled Kuwaiti government. In these circumstances, should Iraq manage to remain in Kuwait or exercise indirect control through some puppet, the American show of force will turn into a debacle.

If in the end Iraq controls Kuwait and U.S. forces stay in Saudi Arabia, the crisis will have ended in a demonstration of the irrelevance of America and of world opinion.

In any event, neither Arab nor American politics would long sustain significant troop deployments in Saudi Arabia. The argument that the United States has saved Saudi Arabia will be overwhelmed by the perception of an American failure that would shake political, economic and financial stability everywhere. Indeed, even attainment of the UN objectives might provide only a breathing space if Saddam Hussein remains in office and Iraq continues to build up its nuclear and chemical weapons potential.

Time is not on the American side. American staying power in the face of public, regional and allied pressures is usually inversely proportional to the scale of deployment. Thus, if after a certain interval the conflict appears to settle down to a siege, the United States will be obliged to consider new measures to bring it to a conclusion.

Success for Iraq in Kuwait would usher in a series of upheavals certain to culminate in a general Middle East war. A government as cautious and as dedicated to anonymity as Saudi Arabia's would never have asked for the assistance of foreign troops had it not considered the very survival of the state at stake. Nor would the Arab summit have condemned a brother country. Nor would Egypt, Syria and Morocco have sent troops to assist Saudi Arabia. Likewise, in the developing world, where so many countries have more precarious and even more recent frontiers as well as covetous neighbors, a victory by Iraq could inaugurate a time of troubles.

The vital interests of the industrial states are affected most directly. If Iraq succeeds in making the annexation of Kuwait stick, it could determine the price of oil by blackmailing the states of the Arabian Peninsula — which, together with Kuwait and Iraq, control some 40 percent of the world's oil reserves — into reducing their oil production.

If it should be concluded that sanctions are too uncertain and diplomacy unavailing, the United States will need to consider a surgical and progressive destruction of Iraq's military assets.

The United States had three choices in dealing with the crisis: It could passively endorse whatever consensus emerged in the United Nations; it could support whatever the other industrial democracies — all of which are more dependent on Middle East oil than the United States — were prepared to do in concert; or it could take the lead in opposing Saddam Hussein and try to organize international support for an effort in which the United States would bear the principal burden.

There were ample excuses for avoiding a decision.

The most fashionable is the argument that the defense of the area should be an Arab matter. But in the end, alibis cannot change the consequences of failure to resist. None of the Arab states is strong enough even in combination to defeat the Iraqi army, toughened in a long war, supplied with advanced military technology during that time by the Soviet Union and France, and buttressed by economic assistance from the other industrial democracies, including the United States. Such an argument marks the re-emergence of American isolationism, especially among the conservatives. Allowed to prevail, it would conclude with America's abdication at the very moment when the old East-West conflict has been won.

Another argument to avoid a U.S. role is that even if Iraq controlled all the oil in the Gulf, it would have to sell it in a world market governed by the laws of supply and demand. But were Iraq to achieve its strategic design, it would be able to determine the level of supply by taking production away from sparsely populated principalities in the Arabian Peninsula without hurting its own population. The ability to cause a worldwide economic crisis is not the sort of power to be left in the hands of a ruler who has attacked two of his six neighbors, is engaged in mortal conflict with two others and has used poison gas against his own dissident population.

The Bush administration must have concluded that anything other than a leadership role for the United States would have ended with making Iraqi domination of Kuwait permanent and led to the collapse of the moderate governments in the region, including Egypt's.

Having committed the United States to a leadership role, President Bush made another crucial decision. The military role could have been confined to interdiction at sea and a token force on the ground to make clear that an attack on Saudi oil fields would lead to war with the United States. Mr. Bush and his advisers opted for a massive deployment.

They seem to have reasoned that the unexpected UN sanctions might change Saddam Hussein's calculation. He may well not have originally intended to seize the Saudi oil fields. Had there been no meaningful resistance, he would not have needed to do so. The rulers of the Arabian Peninsula, in Saudi Arabia as well as in the Emirates, would have yielded to Iraqi pressures or been overthrown, more likely both.

But once the sanctions were voted, Saddam Hussein's calculus was bound to change. So long as oil prices remain steady, the sanctions are likely to be sustained for many months. And prices will remain at more or less present levels if Saudi Arabia increases its production by 2.5 million barrels. The remaining 1.6 million barrels, of the 4.1-million-barrel present shortfall caused by the loss of oil from Iraq and Kuwait, can be pieced together (at least until the winter) from Venezuela, the Emirates, Nigeria and other small producers. But if Saudi production can be destroyed or even severely reduced, the absence of Iraqi and Kuwaiti oil will lead to an explosive rise in oil prices. With Saudi production crippled and a worldwide depression looming, it would become increasingly difficult to maintain sanctions; Saddam Hussein would win the endurance contest.

President Bush and his advisers must have concluded that once they committed military forces, the best hope of ending the crisis quickly was to assemble an overwhelming force to overawe such a threat and to be able to go further if necessary. But the administration needs to calculate very carefully the window of opportunity it has available to achieve its objectives.

It must take care not to wallow in the wide domestic and international support it now enjoys. For the perfectly legitimate concern about the probability of success expressed by talk show hosts and newspaper columnists, coupled with insistent reassurances by administration spokesmen, will over time weaken the credibility of the American enterprise. The longer it lasts, the more American governmental procedures and congressional inquiries will take their toll. At some point the familiar question of the light at the end of the tunnel is bound to surface.

The situation within the Middle East is also likely to grow more precarious the longer the crisis festers. The impact on the Arab world of anti-Western propaganda from Baghdad and the skillful linking of the issues of Kuwait and of Palestine must not be underestimated. A coup in one of the emirates or sabotage in the oil fields would send another shock through the region and the world economy. The time required for the sanctions to work must be balanced against the factors undermining international cohesion.

Such an analysis must keep in mind that the acid test of the sanctions will be not how much oil is prevented from leaving the region but how few supplies are allowed to enter Iraq. Iraqi oil exports are relatively easily blocked. But Iraq's frontiers are long, and less bulky goods such as food can seep in. And the likelihood of this happening will grow the longer the crisis lasts and the more Iraq's neighbors conclude that they may have to live with the Iraqi dictator, however dangerous he may be. A sharp and short crisis is far more in the interest of all concerned with moderation than a long siege.

I am not in a position to know whether sanctions can work within the time constraints outlined here. I also realize that the United States must consider the risk that a more aggressive course might take away some of the current international support. At the same time, that support would not survive the appearance of an American defeat. The United States stands to lose the most from a long siege — whatever the relative immediate economic impact on Europe and Japan.

An ignominious withdrawal like the one after the debacle in Lebanon — and any withdrawal, however dressed up, without achieving U.S. objectives, would be ignominious — would end America's stabilizing role in the Middle East. And no other country could take its place. It would gravely weaken the administration's capacity to overcome the economic crisis that would inevitably follow.

It would be a mistake to focus only on America's difficulties. In the end, Iraq is a heavily indebted developing country with a population of only 16 million that has just ended a debilitating war with Iran, and which has hostile relations with four of its six neighbors. It is in no position to enter into a protracted conflict with the United States. Saddam Hussein proved during the Iran war that he is prepared to negotiate when necessary. His most recent offer agreed to the principle of withdrawal from Kuwait, albeit under outrageous conditions. It may be the beginning of an attempt at negotiation obscured by bluster once the reality of the stark choices before Iraq sinks in. Then the offer to withdraw may re-emerge, stripped of its absurd baggage.

But the United States cannot afford to be diddled, and it simply cannot afford to lose. If it should be concluded that sanctions are too uncertain and diplomacy unavailing, the United States will need to consider a surgical and progressive destruction of Iraq's military assets — especially since an outcome that leaves Saddam Hussein in place and his military machine unimpaired might turn out to be only an interlude between aggressions.

It would be irresponsible for an outsider to press for a course of action in a situation so dependent on information not available to the kibitzer. But it is important to understand that America has crossed its Rubicon. All those concerned with global peace and world economic well-being should subordinate whatever tactical misgivings they may have to standing behind the only policy that can now succeed.

Los Angeles Times Syndicate.

America Overreacts In the Gulf

By Ted Galen Carpenter

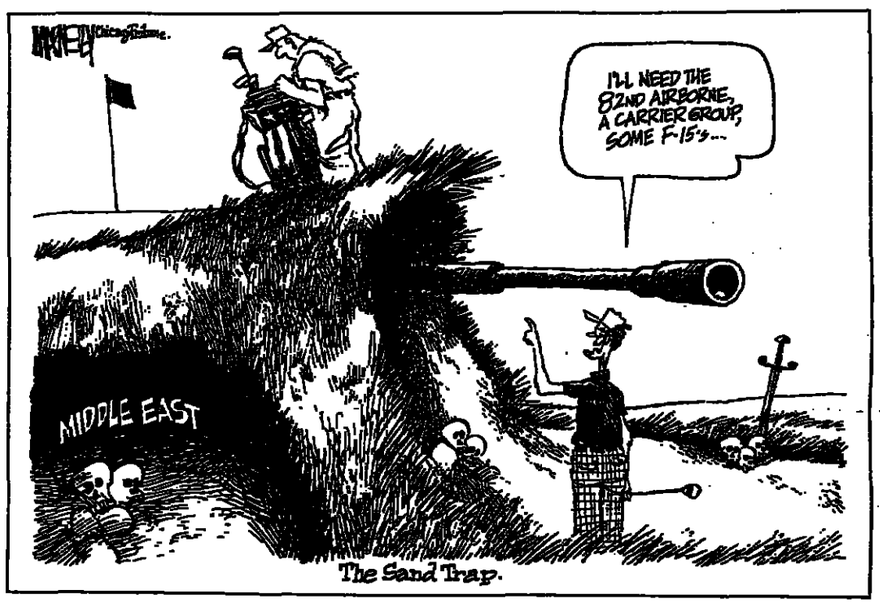
WASHINGTON — The decision to dispatch American troops to the Arabian Peninsula was a knee-jerk, Cold War reaction that the Bush administration may soon regret.

Americans now confront a crisis that may ultimately escalate into full-scale combat costing $1 billion a day and untold numbers of lives. In essence, the Bush administration has made the United States the point man in the Middle East, a dangerous and thankless status that prudent statesmen would seek to avoid.

Throughout the Cold War, leaders insisted that the United States was the only power capable of preventing aggression. However, that belief was based on the assumption that the Soviet Union or a Soviet surrogate would be the source of aggression and that only a superpower could thwart the other superpower and its agents. Smaller, regional powers with their own agendas are now the probable candidates. The more limited nature of such threats means that other regional powers should be able to contain them. There is no longer a plausible case for the United States being the planetary policeman.

Washington responded reflexively to Iraq's invasion, adopting a high-profile leadership role with all the attendant costs and risks. No one in the administration even considered alternatives to barging into the region.

There was little need for the dangerous step of introducing U.S. combat forces. The Bush administration's equation of Saddam Hussein with Adolf Hitler, with the implication that the Iraqi had an ability to achieve virtually unlimited expansionist objectives, was fundamentally flawed.



The Sand Trap.

Much has been made of Iraq's million-man army, but is still a small Third World country. While oil-rich, it has an economy impoverished by the costly war with Iran. Its neighbors were capable of limiting its expansionism (but probably not of compelling it to disgorge Kuwait). Iran, Syria, Jordan, Saudi Arabia and Turkey have more than 1.8 million troops, outnumbering Baghdad's forces by nearly 2-to-1. Iraq has 5,500 tanks to its neighbors' 9,900. It has only 513 combat aircraft, compared with the nearly 1,300 of its potential foes.

Those figures do not include the additional forces that other regional powers such as Egypt could bring to bear. Nor do they take into account the support, especially naval support, that could be provided by outside powers, most notably Japan and the members of the European Community, which rely far more heavily than the United States on Middle East oil.

Saddam Hussein was assumed to have designs on Saudi Arabia. But he could not have invaded it without stretching his forces on the southern front dangerously thin, leaving Iraq exceedingly vulnerable to Syrian, Iranian and even Turkish counterattacks. It was a danger that Saddam Hussein could not afford to ignore. The Bush administration never allowed time for such interested parties to deal with Iraqi aggression on their own. Nor did it give the Arab League a chance to formulate a political solution.

The fear was that Iraq would take Saudi Arabia without effective resistance or that, in the event of determined opposition, the resulting regional conflagration would cut off oil supplies. But the U.S. buildup — on a scale that portends offensive operations against Iraq — also puts oil supplies at grave risk. Even worse, the dominant American presence enables Saddam Hussein to portray himself as an Arab hero standing up to Western neocolonialist invaders.

The administration also feared that, even without an invasion of Saudi Arabia, Iraq would dominate OPEC, threatening the West with high oil prices and disruptions in supply. But that would be strange behavior for a country in economic ruin and $80 billion in debt. More likely it would seek to maximize revenues, which means providing a steady supply at prices low enough to discourage widespread conservation and alternate fuels.

As Washington rushed into the conflict, it seemed almost grateful for the opportunity to demonstrate continuing global leadership in a post-Cold War setting. Asserting such "leadership" may gratify the egos of policymakers obsessed with maintaining a hyperactive American military role despite the demise of the Cold War.

It may also serve the interests of the national security establishment, which needs a justification for $300 billion military budgets. It may even be an occasion for gratitude in countries spared the risks and costs of defending their own vital interests, although one should not count on such gratitude.

But a major military deployment that costs more than $15 million a day and risks a war that would cost $1 billion a day while producing a steady stream of casualties does not serve the interests of the American people.

The writer is director of foreign policy studies at the Cato Institute. He contributed this comment to The New York Times.

Toward Arab-Israeli Rapprochement?

By Stephen S. Rosenfeld

WASHINGTON — It is evident that American ties to Israel have not kept most Arab states from tightening their ties to the United States in the Iraq crisis. These include the military ties which, in the conventional wisdom, no Arab government could accept lest it be instantly struck down by an enraged Arab public — although, of course, these new ties have not been combat-tested. So much so far for the familiar lament that closeness to Israel has crippled America's capacity to serve its strategic interests in the Middle East.

More: Any Arab military ties with Israel, and any Arab strategic reliance on Israel, are commonly held unthinkable, a fatal confession of the Arab order's inability to manage its sovereign affairs. Still, it is plain that if things came to a certain pass, Israel would join the battle against Iraq, and while it would be acting for its own goals, it would also be reducing a gross threat to the Arab establishment that Arabs were unable to reduce by themselves. Arabs would storm, and privately be relieved, as they were when Israel took out the reactor that otherwise might already have put nuclear weapons in Saddam Hussein's hands.

Political discretion obscures but does not erase strategic truths. The Israelis have no formal relationship of strategic cooperation with the Arabs, as they do with America, but they have an informal one of greater ultimate value to the two sides. Inherently their military forces are linked: Arabs constitute the first regional line of defense against Iraq, Israelis the last.

The statesman's problem becomes how to use the strategic reality to shape a new political reality. Israelis and Arabs already share a common dedication to stability in the area, a common fear of radical regimes, a common reach for association with the industrialized democracies. This adds up to a basis for cooperation far sturdier than what is available to most sets of nations. Egypt and Israel aside, what they lack are "only" political and economic relations — the ties of daily life.

In his suspect fashion, Saddam Hussein has already weighed in — with a proposal that Israel withdraw from Arab lands at once and without political recompense so as to initiate a comprehensive settlement of regional disputes. His proposal is a nonstarter, but deeper currents are flowing. In many minds the view flourishes that however the different Middle East occupations came to be, they should all be terminated. A rough symmetry fairly inclines moderate Arabs to expect American cooperation in ending Israeli occupation of the West Bank in order to balance off their cooperation in ending Iraqi occupation of Kuwait.

Here one needs to get past debating points. The West Bank occupation is different: It came about not by unprovoked aggression, as in Kuwait, but by Israeli response to a gratuitous attack by Jordan's King Hussein in 1967. The implication, however, is not that West Bank occupation is legitimate and should be extended, but that it should be ended in its own way. Iraq's occupation should end by withdrawal; nobody owes Baghdad anything. Israel's occupation should end by negotiation; Arabs owe Israel peace.

What sort of negotiation? I think serious people have to acknowledge that the Iraqi aggression, the whole Iraqi phenomenon, lends great force to the Israeli insistence that peace requires not just an Israeli-Palestinian settlement but the commitment of the Arab hinterland states to normal relations with Israel. This offers the best hope of bringing along the Likud and its constituency.

At the same time, the Iraqi aggression also lends great force to the insistence of other Israelis that peace with the Arab hinterland requires a Palestinian settlement, the better to reduce the area of discord between Arabs and Israelis and to broaden the foundation of strategic and other cooperation between them.

The Israeli government is said to be stiffening against the prospect of a renewed American diplomatic drive to launch Israeli-Palestinian talks. But from Israel's point of view, what better time than when Yasser Arafat's PLO has greatly diminished itself in American eyes by embracing Saddam Hussein? In any event, the right American relaxer is to add a second parallel track of Israeli engagement with the Arab states.

It is too early to hail Saddam Hussein as an accidental Arab-Israeli peacemaker, but it is not too soon to think hard about how to turn the crisis he created to enduring Arab-Israeli advantage.

The Washington Post.

100, 75 AND 50 YEARS AGO

1890: Exit William Tell

PARIS — For centuries the merry Swiss boy mentioned in song has been taught to reverence William Tell as the liberator of his country. And now the authorities of a Swiss canton have ordered that no mention of Tell shall be made in textbooks used in the schools. It has been conclusively shown that the story of Tell is a sun-myth and that no such person ever lived.

1915: High Seas Theft

LONDON — News of a fresh and particularly glaring outrage by a German submarine — the confiscation of the mail bags upon a Norwegian steamer — is contained in a despatch from Christiania and has added to the indignation caused by the torpedoing of the Arabic. The despatch states the the Norwegian liner Haakon VII., which left Bergen for Newcastle with mails, returned to Bergen yesterday [Aug. 18] and reported that it had been stopped by a German submarine in the North Sea. Two officers and some sailors from the submarine came on board the Haakon VII. and confiscated all the registered and ordinary letters, flinging the remainder of the mail into the sea.

1940: Luftwaffe Humbled

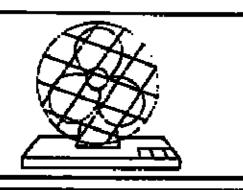
LONDON — Last week, which brought forth the fiercest air fighting in the history of the war, had been heralded as "blitz week," "Blitzwoche," as the Germans call it. Reich Marshal Hermann Wilhelm Goering's Luftwaffe may well have been suffering on this dull gray Monday from a Katzenjammer, or, as the Americans call it, a hang-over. After checking and rechecking the stories of all the pilots and observers who participated in the dogfights and counter-attacks of the week, the British Air Ministry announced tonight [Aug. 19] that 570 German raiding planes had been brought down in the last seven days.

— From the New York edition of the New York Herald Tribune.

International Herald Tribune

BUSINESS/FINANCE

* MONDAY, AUGUST 20, 1990



EUROBONDS

New Issues Well Received Despite Fear of Gulf War

By Carl Gewirtz
International Herald Tribune

PARIS — Despite forebodings of imminent war in the Mideast and uncertainty about the economic fallout that could result, investors, while hardly out in force, responded well to the few issues floated last week in the international capital market. But these issues all represented special situations and as such do not indicate that the market is prepared to operate as if it were business as usual.

The largest and most successful issue was a floating-rate note of 5 billion Deutsche marks for the East German Staatsbank Berlin. Shortly after being launched Friday, the lead manager, Commerzbank, had amassed 50 foreign banks to co-manage the deal, and a quarter of these were Japanese.

Japanese bonds bearing warrants did well, even with the sagging stock market in Tokyo.

Floating-rate notes, where the coupon is periodically reset — in this case every six months — to reflect prevailing money-market conditions, provide investors the safest cushion against a continuing rise in interest rates. West German rates are forecast to rise due to the overrun in financing the unification with East Germany.

Apart from the inherent protection against inflation, the generous pricing on the Staatsbank notes was clearly designed to pull investors into the issue.

The five-year notes carry a rate of interest that will be five basis points, 0.05 percent, over the six-month interbank rate, which currently is 8¾ percent. Since the bank's debt will become a liability of the German government following unification, the terms were considered more than adequate compensation for the few months that investors will be holding what is very risky East German debt.

West German government entities borrowing at floating rates would expect to pay at least five basis points below the interbank rate instead of the five over that Staatsbank offered.

In addition, loan-starved international banks will be able to carry the debt on their books at a zero-risk weighting against capital following unification — a meaningful additional benefit considering the current strains of Japanese and U.S. banks in meeting the tightening capital-adequacy rules coming into force.

COMMERZBANK SAID PAYMENT is due Sept. 5, when the first coupon will be set. Underwriting fees total 20 basis points. This is the former East German central bank's third borrowing. It raised 5 billion DM through a floating-rate note sold to the West German savings banks in July and has also received syndicated loans of 8 billion DM.

There was also a flurry of activity in Australian-dollar bonds last week. Three Eurobonds were launched: 100 million of three-year notes from Deutsche Bank, priced at 100.95 with a coupon of 14 percent; 75 million of three-year notes for ANZ Bank offered at 101.95 and carrying a coupon of 14¾ percent, and 100 million of four-year notes for the State Bank of New South Wales priced at 101⅛ with a coupon of 14¼ percent.

An estimated 1.5 billion of Australian-dollar Eurobonds matures this month, and German bankers said the new issues were timed to give German investors an opportunity to re-invest principal repayments on maturing debt back into Australian dollars.

Ten of the maturing issues were issued in 1986 when the Australian dollar was worth 1.7 DM. The current exchange rate is 1.25 DM, a 26½ percent devaluation that German investors — who have been among the largest purchasers of these high-yielding bonds — hope to be able to recoup.

Despite the continuing decline in Tokyo stock prices, bankers also reported demand for Fujitsu's $330 million of four-year notes carrying warrants to purchase shares. The coupon, initially indicated at 5 percent, was set at 4⅞ percent. The cut in the coupon reflects the premium price — 102 compared to the official offering price of par — that the paper was trading at in the gray market prior to the official closing.

Bankers said a company like Fujitsu could borrow under any conditions. But they questioned the wisdom of launching in a down market a $230 million issue for Yamato Transport Co. Its four-year Eurobond, bearing warrants with an indicated coupon of 5 percent, is to be priced Wednesday.

Elsewhere in the dollar sector, Dai-Ichi Kangyo Bank's London branch arranged a $500 million subordinated floating-rate loan using J.P. Morgan's Frankfurt office as a conduit. The structure gets around the restrictions the Japanese Ministry of Finance has placed on commercial banks competing with long-term credit banks in issuing subordinated bonds.

The 10-year subordinated floating-rate note, which the bank can count as Tier 2 capital, carries interest of 25 basis points over the three-month London interbank offered rate for the first five years and 35 basis points thereafter.

For Third World, Oil Shock Means Still More Hardship

By Steven Greenhouse
New York Times Service

PARIS — Although small compared with the immense jumps in the 1970s, recent increases in the price of oil could create much greater hardships in dozens of Third World nations because their economies are in far worse shape than they were during the last oil shock a decade ago.

"The poor oil-importing nations are going to be hurt because this comes on top of an economic situation where they have been greatly weakened by poor performance in trade, a growing debt burden and low purchasing power," said Roger Lawrence, a senior development official with the Geneva-based United Nations Conference on Trade and Development.

"Even a few extra straws added to their load can be quite a problem," he said.

Among the factors making 1990 different from the 1970s for these nations is that Western banks have become reluctant to lend to the Third World the windfall earnings deposited in those banks by oil-exporting nations, as was the practice during the earlier oil surges.

While such a recycling of petrodollars helped revive the Third World after the previous oil shocks, Western banks now feel they were burned in lending so much in this fashion.

What is more, the new jump in oil prices comes after the economies of many African and Latin American nations have been dragged down by weak commodity prices on items like coffee and cocoa.

The 1970s oil shocks hit these countries when commodity prices were up. Coffee prices are down by one-third since 1979 and cocoa prices have fallen by about two-thirds.

"This shock is much smaller than those of the 1970s, but these countries have had declining income for the past 20 years and are very badly placed for supporting even very mild shocks," said Jean Baneth, former chief international economist at the World Bank and now head of its Geneva office.

This time, prices of commodities other than oil are depressed, dragging down many economies.

"They have less of their own foreign exchange resources, and less potential for borrowing than they had in 1973 to ward off a shock."

While providing a welcome lift for oil-exporting nations like Mexico and Nigeria, the oil-price increases could mean a rise of $1.5 billion or more in Brazil's annual oil bill, while for the poorest African nations, it could mean less money to buy imports to build industry or improve living standards.

These nations will suffer not only the direct effect of higher prices but also a cascade of secondary effects. The jump in oil prices is expected to push up interest rates worldwide, which will increase the cost of debt.

In addition, economists say, oil priced at $25 or more a barrel will slow growth in the industrial world, throwing some nations into recession. This slowdown would probably mean a decline in Third World exports to the industrial world, which some economists say would hurt developing nations even more than a higher oil bill.

"For us what is much more important to look at is, will there be a recession?" said Marcilio Marques Moreira, the Brazilian ambassador to the United States. "How deep? How long? How will interest rates behave?"

"Even though higher oil prices or higher interest rates, taken by themselves, would not be overwhelming, the two taken together could deliver quite a serious blow to some countries, such as Brazil," said Mr. Lawrence, the UN official.

William R. Cline, an economist at the Institute for International Economics in Washington, estimated that higher oil bills and the expected decline in exports would cause "an adverse shock of 10 percent" on the net export earnings of many developing countries.

Energy experts say India and Pakistan face a special set of problems as a result of Iraq's conquest of Kuwait. These two countries rely heavily not only on Kuwaiti crude

See IMPACT, Page 9

Crude Oil and Third World Debt

Third world oil importing and exporting nations, their total debt and debt service payments. Figures for 1988.

IMPORTERS

Nation	Oil imports, in millions of barrels	Total debt, in billions	Debt service, in billions
Brazil	217.5	$114.6	$15.3
Chile	28.5	19.6	2.2
Ghana	7.1	3.1	0.6
India	124.0	57.5	6.4
Ivory Coast	6.0	14.1	1.4
Jamaica	4.9	4.3	0.7
Kenya	14.3	5.9	0.7
Pakistan	27.0	17.0	1.8
Philippines	67.9	29.4	3.6
Senegal	5.3	3.6	0.4
South Korea	25.0	37.2	9.6
Sri Lanka	13.3	5.2	0.5
Tanzania	3.9	4.7	0.1
Zambia	4.2	6.5	0.2

EXPORTERS

Nation	Oil exports, in millions of barrels	Total debt, in billions	Debt service, in billions
Angola*	145.2	N.A.	N.A.
Cameroon	49.4	$ 4.2	$ 0.7
Ecuador	67.5	10.9	1.0
Mexico	480.8	101.6	15.6
Nigeria	432.2	30.7	2.3
Trinidad	24.4	2.0	0.2
Venezuela	361.8	34.7	5.5

*Debt data not available as Angola joined the World Bank earlier this year.

Source: International Energy Agency and World Bank

The New York Times

EC Bank Pondered For 1993

Internal Report Backs Early Start

Reuters

BRUSSELS — The European Community should consider setting up a central bank at the same time as it launches its single market at the start of 1993, according to an internal European Commission report due to be debated Tuesday.

Officials familiar with the report said it also urges member states to support the European Currency Unit, or Ecu, as a future single currency.

The central bank is part of a proposed second stage toward full EC economic and monetary union.

The first stage, during which economic and monetary cooperation among the 12 nations is to increase and the British, Greek and Portuguese currencies are to join the EC's exchange-rate mechanism, started July 1.

There is no agreement yet on when to start the second stage with its common banking system and monetary policy.

The new report, which the 17-member Commission will debate Tuesday, will be one of the key background documents for a meeting in Rome next month of EC finance ministers.

Finance Minister Pierre Bérégovoy of France first suggested the 1993 date to start the second phase of monetary union at a meeting of finance ministers last month.

Belgium and Spain backed the idea, and support from the commission, the EC executive, would further boost the group of countries that wants to make rapid progress to monetary union. "Setting a date is a way of keeping up the momentum," said one EC official.

The 12 member states will meet in December to vote on changes to the EC treaty enabling them to proceed to monetary union. EC leaders agreed at their last meeting that treaty changes should be ratified by national parliaments by 1993.

The Commission's president, Jacques Delors, a leading supporter of monetary union, and his allies argue that if this timetable is met, there will be great political pressure for the bloc to go beyond cooperation and set up a central bank.

Heavily Armed With Cash, Kuwait Fights Back

By Glenn Frankel
Washington Post Service

LONDON — Overshadowed by the drama of military confrontation in the Gulf, there is a second, more hidden conflict being waged in the world's banks and financial markets.

In the shooting war, Iraq's massive army swallowed up tiny Kuwait in less than a day. But in the money war, the two sides are more evenly matched, and analysts say the struggle is just beginning.

Iraq plundered Kuwait's domestic assets like "a thief walking into an unguarded bank," one exiled financier said. It now hopes to use those resources and its own gold and hard currency to bust the United Nations embargo and buy food and supplies to survive.

But Kuwait's exiled government and business leaders are fighting back by consolidating the sheikdom's overseas assets from their offices in London. By rewarding allies and punishing foes, they hope to dry up Iraq's sources of cash.

The financial upheaval is shaking everyone from billionaire bankers in the oil-rich Gulf states to unemployed Palestinian laborers in the Israeli-occupied West Bank, in ways that analysts say could permanently redefine politics and economics in the Middle East.

"It's going to fundamentally change the way people live and the way they do business throughout the region," said P.B.V. Rajan, a financial specialist who edits the Middle East Financial Directory.

Despite all the rhetoric and analysis that has surrounded the Iraqi invasion of Kuwait, many financial experts see the invasion as a brutally simple cash transaction. Iraqi President Saddam Hussein's government was broke, with a foreign debt exceeding $70 billion and an annual shortfall of hard currency of at least $7 billion by reliable estimates. Kuwait was next door, rich and vulnerable, so Mr. Hussein helped himself to his neighbor's treasury.

"He was in dire straits economically with nothing to show for eight years of war with Iran," said an exiled Kuwaiti businessman. "He had to get out of his economic stalemate. We should have seen it coming, but we didn't."

How much he got is still an open question. While banking experts say most of Kuwait's gold and cash was deposited outside the country, the International Monetary Fund has estimated that Iraq could have seized $800 million in foreign reserves and $32 million in gold from the central bank, plus $1 billion from commercial banks.

Kuwaiti banking sources here put the figure far lower — "he got millions, certainly not billions," said one banker.

Meanwhile, the Kuwaiti government and its massive financial apparatus has begun to fight back. Reassembling in London, exiled cabinet ministers, bankers and oil

See MONEY, Page 9

Dollar Sinks as Traders Go for Gold

By Carl Gewirtz
International Herald Tribune

PARIS — Gold was the big winner last week, gaining 5.5 percent at the London fixing as mounting tension in the Middle East increased fears that Iraq's invasion and annexation of Kuwait would escalate into a war with the United States and its allies.

The most sought-after currency was the Swiss franc, up almost 4.5 percent versus the dollar, 3 percent against the yen and about 1.6 percent versus the Deutsche mark.

The immediate outlook is for more of the same — at least unless war in the Middle East erupts. In that event, the dollar could surge.

"It's become fashionable to say that the dollar has lost its safe-haven status," observed John Lipsky, London-based analyst for Salomon Brothers. "But if there's armed conflict and a significant disruption to oil supplies, I'm not sure that the dollar would continue to weaken," he said. "I think it's premature to say the safe-haven status has evaporated — although clearly it no longer is what it once was."

But unless war also disrupts oil supplies to the rest of the world, analysts doubt that the safe-haven aspect of the dollar could outweigh the effects of the domestic economic malaise now pulling it down.

Even those who envisage a rush into the U.S. currency at any outbreak of war warn that such a move would likely be short-lived.

"An escalation of the crisis would give the dollar some support, but the gain wouldn't be sustainable in the face of the poor economic outlook in the United States and higher real interest rates elsewhere," said Gerard Lyons, London-based analyst for the international division of Dai-Ichi Kangyo Bank.

The dollar was the big loser last

See DOLLAR, Page 9

Big Soviet Bullion Sales Reported

Reuters

MOSCOW — The Russian Federation's justice minister says the Soviet Union dumped $1 billion-worth of gold on Western markets in less than two weeks.

Interviewed Saturday in the Soyuz weekly supplement of the government newspaper Izvestia, Nikolai Fyodorov said news of the sales had been published recently in a service of the official Tass news agency available only to senior Soviet officials.

"In the space of a week or two, the U.S.S.R. dumped $1 billion-worth of gold on Western markets. This is unheard of. Usually $2 or $3 billion is sold in a year," he said.

He did not say exactly when the gold had been delivered.

Commenting on a decision by Russian parliament leaders to wrest control of the giant republic's natural resources away from central Soviet authorities, Mr. Fyodorov said the people had always been kept ignorant about government export decisions.

"We learned that feverish, and to a great extent one-sided, extremely disadvantageous sales of the national wealth of Russia are taking place. This does not only concern gold, but also diamonds and other strategic resources."

The Soviet Union is experiencing massive difficulties trying to convert from central planning to a market-driven economy.

The price of gold, often regarded as a safe haven for investors at times of political tension, has risen by about $36 an ounce since Iraq invaded Kuwait on Aug. 2, to $410.60.

Gold dealers in Europe said the Soviet Union had recently been depositing large amounts of gold with Western banks.

For Oil Industry, an Overhaul

By Richard W. Stevenson
New York Times Service

NEW YORK — For oil companies, Iraq's invasion of Kuwait has created a host of uncertainties about prices and supplies. But there is no question that the Middle East crisis, however it is resolved, has the potential to reshape the industry.

Not since the embargoes and sharp oil-price increases of the 1970s have oil companies faced the prospect of coping with a new, if as-yet-undefined, order among their major crude suppliers in the Organization of Petroleum Exporting Countries.

And not in a decade or more has the industry had as promising an opportunity to influence critical decisions on how and where the United States will meet its energy needs in coming decades and to reverse what it considers excessive sensitivity to environmental issues.

"There is the potential for a changed environment for the industry, more so than at any time in the past 10 years," said Bernard J. Picchi, an analyst at Salomon Brothers.

For the first time in more than a decade, the government is likely to focus seriously on whether the United States has endangered its own security by becoming overly reliant on foreign oil — the country imported half of its oil needs in the first half of this year, a record — and on whether the industry should be provided with financial incentives to reverse a decline in domestic exploration and production.

After years of seeing new domestic drilling projects thwarted by environmental concerns, and despite a public image badly damaged by recent oil spills, the industry could get a renewed and possibly more receptive hearing in its argument that a fear of accidents should not cripple the United States' ability to supply more of its own energy.

The national security aspects of oil had been completely subordinated in recent years to the environmental concerns," said John H. Lichtblau, head of the Petroleum Industry Research Foundation.

"Now you have the emphasis coming back to the security aspects. If there is a conflict between the two, it may no longer be automatically resolved in favor of the environmentalists."

Assuming that crude oil prices remain relatively high, the crisis will have the immediate effect of generating more profits for many oil companies, although lower earnings from refining operations could hold down their gains.

Companies will have to decide how much of those profits to invest in new exploration and production — and where that investment should go.

Analysts and industry executives say other companies might respond by putting more emphasis on their production and marketing of natural gas.

Other companies might make more extensive commitments to developing alternative-fuel businesses.

And barring widespread shortages, or dramatically higher prices, the federal policy formulation process is likely to move slowly.

Congress, which virtually ignored energy policy issues while oil flowed abundantly and relatively inexpensively over the past decade, has an understandable aversion to adopting any measures to help the industry at a time of rising prices.

CURRENCY RATES

Cross Rates

Aug. 17

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.792	3.346	1.1266	0.3355	0.153 *	—	5.476 *	1.3384	1.1884 *	1.5045	1.831 *
Brussels	31.995	61.805	20.5805	6.129	2.7929 *	18.2465	—	24.8095	0.2162	27.84	31.49 *
Frankfurt	1.554	2.97	—	0.2978	0.1357 *	0.8876	4.86 *	1.2058	1.585 *	1.3535	1.627 *
London (a)	1.9155	—	2.9780	9.9788	2,192.50	3.3503	61.345	2.4603	282.845	2.1998	182.85
Madrid	95.442	182.46	61.486	18.313	8.342 *	54.58	2.9885	74.365	64.59 *	83.15	—
Milan	1,145.35	2,187.40	737.02	219.46	—	654.15	35.807	889.45	7.741	996.95	11.982
New York (b)	—	1.9230	1.549	5.2855	1,142.50	1.7448	31.915	1.282	147.40	1.1438	95.295
Paris	5.285	9.963	3.3575	—	0.4557 *	2.9801	0.1632	4.0505	3.5971 *	4.5425	5.46 *
Tokyo	147.85	282.17	95.17	28.34	0.1294	84.44	4.6261	114.48	—	128.83	1.5508
Toronto	1.1463	2.2011	0.7392	0.2202	1.002 *	0.6560	3.588 *	0.8995	0.7755 *	—	1.199 *
Zurich	1.2855	2.4624	0.8287	0.2468	0.1124 *	0.7358	4.0284 *	—	0.8711 *	1.1232	1.3465 *
1 ECU	1.3312	0.6965	2.0661	6.937	1,523.86	2.3277	42.5194	1.714	196.755	1.5275	127.109
1 SDR	1.3838	0.7228	2.1504	7.2213	1,585.82	2.4244	44.274	1.7823	204.453	1.5821	132.071

Closings in London and Zurich, fixings in other centers; New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5605.1	Greek drac.	153.35	Mex. peso	2872.00	S. Afr. rand	2.5685
Austral. $	1.2404	Hong Kong $	7.7712	N. Zealand $	1.6142	Soviet ruble*	0.5751
Austr. schil.	10.93	Indian rupee	17.273	Norw. krone	6.0376	Swed. krona	5.735
Brazil cruz.	72.35	Indo. rupiah	1847.03	Phil. peso	24.21	Taiwan $	26.87
Chinese yuan*	4.72	Irish £	0.58	Port. escudo	137.70	Thai baht	25.53
Danish krone	5.9404	Israeli shek.	2.01	Saudi riyal	3.7465	Turkish lira	2659.00
Egypt. pound	2.7234	Kuwaiti dinar	n.q.	Sing. $	1.8035	UAE dirham	3.6725
Fin. markka	3.676	Malay. ring.	2.6925	S. Kor. won	717.00	Venez. boliv.	49.22

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9626	1.9517	1.9417	Canadian dollar	1.1523	1.1571	1.1609
Japanese yen	147.75	147.75	147.76	Swiss franc	1.2939	1.2927	1.2912
Deutsche mark	1.5569	1.5564	1.5558				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Aug. 17	Aug. 10	Ch'ge
United States			
DJ Indus.	2,644.80	2,716.58	−2.64 %
DJ Util.	201.14	203.09	−0.96 %
DJ Trans.	923.91	974.82	−5.22 %
S & P 100	310.38	319.38	−2.82 %
S & P 500	327.83	339.94	−3.56 %
S & P Ind	386.73	401.20	−3.61 %
NYSE Cp	180.19	184.15	−2.15 %
Britain			
FTSE 100	2,176.90	2,233.80	−2.55 %
FT 30	1,678.10	1,747.50	−3.97 %
Japan			
Nikkei 225	26,787	27,330	−1.99 %
West Germany			
DAX	1,665.88	1,749.34	−4.77 %
Hong Kong			
Hang Seng	3,122.64	3,078.97	+1.42 %
World			
MSCIP	488.10	488.50	−0.08 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

	Aug. 17	Aug. 10
United States		
Discount rate	7.00	7.00
Federal funds rate	7.50	8.00
Prime rate	10.00	10.00
Japan		
Discount	5¼	5¼
Call money	7⅝	7 13/32
3-month interbank	7 13/16	7¾
West Germany		
Lombard	8.00	8.00
Call money	8.00	8.05
3-month interbank	8.45	8.45
Britain		
Bank base rate	15.00	15.00
Call money	14 15/16	15.00
3-month interbank	15.00	15.00

Gold	Aug. 17	Aug. 10	Ch'ge
London p.m. fix $	410.60	389.35	+5.46 %

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Notice to Registered Holders of IBRD 7% Kuwaiti Dinar Bonds of 1972, due 1977/91

Please be advised that National Bank of Kuwait S.A.K., London Branch, 13 George Street, London W1H 5PB, has been appointed Fiscal and Paying Agent for the above bonds as of 14th August, 1990.

Registered holders of these bonds should contact the Fiscal and Paying Agent, Attn: Mr. J.P. Finigan, for further information regarding payments on such bonds.

National Bank of Kuwait S.A.K.
London Branch

London
15th August, 1990

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. August 17

Dollar Straights

Governments/ Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AIDC	8⅞	96	94½	9.64	+96
Asian Dev Bk	11¼	93	106½	9.29	+90
Asian Dev Bk	8	98	92¾	9.57	+86
Asian Dev Bk	9⅝	99	100⅝	9.73	+88
Austra Wheat	9½	93	101⅞	8.95	+54
Australia	11½	95	[illegible]	9.45	+87
Australia	11	95	105¾	9.42	+88
Australia	11¾	98	110	9.78	+95
Australia	11¼	00	107	9.67	+113
Australia	8¼	92	98¼	9.23	+99
Austri Control	9⅞	92	100¼	8.96	+68
Austri Control	15¾	92	106¾	9.11	+88
Austri Control	8¼	93	98½	8.75	+44
Austri Control	12	94	109	9.32	+81
Austri Control	7⅝	94	101.075	8.89	+40
Austri Control	9	95	[illegible]	9.01	+45
Austri Control	9⅝	00	99.050	9.43	+53
Austri Postspa	10½	94	103¼	9.37	+91
Austria	10	98	101½	9.71	+89
Austria	11¼	95	106¼	9.42	+90
Austria	11	00	100½	9.56	+133
Austria	13⅞	92	107¼	9.17	+94
Austria	9	92	100	8.98	+73
Austria	9⅝	93	101¼	9.01	+70
Austria	9⅞	94	99⅝	9.20	+70
Austria	7¾	96	92½	9.50	+85
Austria	9¼	96	99¼	9.41	+75
Austria	7¾	97	92⅞	9.26	+62
Austria	8½	98	94⅝	9.45	+57
Austria	8⅝	00	94⅝	9.46	+58
Austria	9½	06	[illegible]	7.77	+83
B C Hydro	11¾	93	106¼	9.24	+85
B C Hydro	15¼	92	110¼	9.08	+85
B F C E	7	92	97½	8.65	+62
B F C E	7¼	93	96⅝	8.80	+47
B F C E	8⅝	94	98⅛	8.94	+44
B F C E	9⅞	95	100⅝	8.99	+40
B F C E	9¾	96	101	9.50	+87
B F C E	7⅞	96	94.875	9.20	+52
B F C E	7⅝	97	92⅛	9.28	+54
Belgium	8½	93	99⅝	8.76	+46
Belgium 2	8¼	93	98⅝	8.80	+46
Belgium	9⅝	98	100⅝	9.44	+62
Belgium	9⅝	10	98½	9.42	+52
Belgium	9⅝	92	100⅝	8.65	+40
Belgium	8	97	93½	9.37	+63
C A E C L	9⅞	95	99⅜	9.43	+86
C B A	10	93	102	9.22	+83
C B A	9⅛	93	100	9.24	+86
C C C E	11⅜	97	106	9.91	+140
C C C E	12⅝	95	109	9.81	+131
C C C E	15⅞	92	111	9.10	+87
C C C E	9⅞	93	101.025	8.94	+41
C C C E	8⅞	95	95⅛	9.47	+69
C E P M E	7⅞	92	97⅞	9.10	+87
C E P M E	7⅞	96	92¼	9.56	+91
C N E	11¼	95	108	9.43	+90
C N T	8½	93	98½	9.16	+86
Canada	10	95	104⅛	8.93	+34
Canada	9	96	100¼	8.92	+30
Council Europe	8⅝	94	98⅞	9.12	+62
Council Europe	9⅝	96	100½	9.24	+62
Council Europe	8	96	94½	9.23	+56
Cr Foncier	7½	94	96⅛	8.86	+45
Cr Foncier	9¼	95	101.025	8.98	+48
Cr Foncier	9⅝	00	100¼	9.45	+60
Cr Foncier X/w	12½	92	106	8.97	+74
Cr Natl	7⅝	92	98.025	8.65	+42
Cr Natl	9½	92	100⅝	9.08	+80
Cr Natl	9⅛	93	99½	9.31	+101
Cr Natl	8¼	93	98⅝	8.73	+41
Denmark	11½	92	103¼	9.15	+92
Denmark	11½	93	105⅝	9.26	+95
Denmark	12½	92	104¼	9.26	+103
Denmark	7⅝	92	97⅝	8.68	+45
Denmark	7¼	93	97⅝	8.70	+37
Denmark	7⅛	93	95¼	9.24	+91
Denmark	8¼	94	96½	9.34	+61
Denmark	8⅞	95	98⅝	9.20	+67
Denmark	9⅝	95	100½	9.11	+57
Denmark	7⅛	96	89⅞	9.54	+85
Denmark Mtg	13	93	107⅛	9.23	+83
Denmark Mtg	9⅝	93	102	9.19	+81
Donaukraftw	11¼	93	105¼	9.24	+94
E C S C	9	95	97	9.79	+124
E C S C	9⅝	96	100	9.35	+74
E C S C	8⅞	97	95	9.75	+96
E C S C	9	99	95	9.89	+105
E C S C Tr A	8¼	96	95½	9.23	+52

Third World

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Astra Sa	16¾	92	58	12.15	
Banobras	17¼	92	106	12.81	+458
Escom	11½	91	98½	13.05	+482
Escom	12¼	91	[illegible]	12.38	+597
Mexico	8¾	91	97	16.32	+809
P E M E X	17¾	94	114	-8.32	-855
South Africa	12½	91	100	11.80	+365

Dollar Zeros

Issuer	Mat	Price	Yld	Spd Trsy
Amer Hose	00	35½	10.94	+181
Amer Intl Gp	04	27¾	9.44	+36
Amer Medic	02	13	18.58	+939
Amex	00	38⅝	9.81	+68
Arco Fin	00	[illegible]	9.82	+88
Asian Dev Bk	04	28⅛	9.07	+19
Austria	05	[illegible]	9.06	+36
B N P C/W	92	85½	9.52	+133
B N P X/w	92	85½	9.52	+133
B P Capital	95	45	9.34	+65
Baker	92	86½	10.11	+194
Beatrice Foods	92	84¼	12.45	+429
Bk Tokyo	91	93¼	9.13	+117
Bq Indosuez	92	83	13.30	+503
C C C E	91	94⅛	8.54	+60

Floating Rate Notes

Deutsche Marks

Issuer & Mat	Price	Crt. Cpn.
African Dv Bk 8-1-97	99⅞	8.25
Amro Mar 05	99½	8.00
Asfinag Mar 05	99⅞	8.13
Austria Feb 05	99⅞	8.25
Austria Feb 98	[illegible]	8.00
Belgium Aug 97	100	8.94
Belgium Aug 99	100	8.63
Belgium Mar 00	99⅞	8.51
Belgium May 95	[illegible]	8.44
Bk Greece Jul 98	99	8.85
Bk Greece Jun 92/95	99¼	8.69
Bk Of China Nov 98	[illegible]	8.63
Bnp Jun 92	[illegible]	8.58
Bundesbahn 13-mar-00	[illegible]	8.05
Bundesbank 6-apr-00	[illegible]	8.10
Bundespost 4-may-00	100⅛	8.40

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

1st Half	1990	1989
Revenue	5,410.	5,670.
Profits	488.00	643.00
Per Share	13.90	18.30

Britain

Hanson

3rd Quar.	1990	1989
Revenue	1,560.	1,690.
Pretax Net	369.00	295.00
Per Share	5.80	5.80

Unilever

2nd Quar.	1990	1989
Revenue	5,720.	4,990.
Pretax Net	477.00	455.00
Per Share	16.68	14.87
1st Half	1990	1989
Revenue	10,840.	9,510.
Pretax Net	843.00	803.00
Per Share	28.92	24.46

Canada

Thomson

1st Half	1990	1989
Revenue	2,370.	2,290.
Profits	112.00	625.00
Per Share	0.21	1.16

All figures are in U.S. dollars except per share. 1989 share includes extraordinary gain of 88 cents per share. 1989 net includes extraordinary gain of $475 million.

Netherlands

DSM

2nd Quar.	1990	1989
Revenue	2,520.	2,940.
Profits	246.00	346.00
Per Share	7.08	9.90

KLM

1st Quar.	1990	1989
Revenue	1,670.	1,440.
Profits	41.40	230.10
Per Share	0.78	4.36

Full name of company is Koninklijke Luchtvaart Maatschappij NV

South Africa

De Beers

1st Half	1990	1989
Profits	517.00	443.00

Figures are in U.S. dollars.

United States

Columbia S & L

2nd Quar.	1990	1989
Net Inc.	(a)136.5	6.384
Per Share	—	0.16
1st Half	1990	1989
Net Loss	429.90	17.10
Per Share	—	0.36

a: Loss. Nets include credit loss provisions of $86.5 million vs $20 million in quarter and $282.2 million vs $39.1 million in half.

Dresser Industries

3rd Quar.	1990	1989
Revenue	1,280.	1,000.
Oper. Net	44.60	42.40
Oper. Share	0.66	0.62
9 Months	1990	1989
Revenue	3,710.	2,870.
Oper. Net	110.50	102.10
Oper. Share	1.54	1.45

Nets exclude tax credits of $2.9 million vs nil in quarter and $6 million vs $3.7 million in 9 months.

Hewlett-Packard

3rd. Quar.	1990	1989
Revenue	3,240.	3,000.
Net Inc.	178.00	187.00
Per Share	0.73	0.79
9 Months	1990	1989
Revenue	9,650.	8,520.
Net Inc.	537.00	583.00
Per Share	2.23	2.48

May Dept. Stores

2nd Quar.	1990	1989
Revenue	2,210.	2,040.
Oper. Net	78.00	71.00
Oper. Share	0.58	0.49
1st Half	1990	1989
Revenue	4,410.	4,090.
Oper. Net	158.80	135.80
Oper. Share	1.16	0.95

Navistar Intl.

3rd Quar.	1990	1989
Revenue	972.80	1,080.
Net Inc.	6.00	28.80
Per Share	—	0.08
9 Months	1990	1989
Revenue	2,880.	3,230.
Net Inc.	(a)4.00	100.00
Per Share	—	0.31

a: Loss.

Owens-Illinois

2nd Quar.	1990	1989
Revenue	1,040.	956.00
Net Inc.	16.80	(a)42.20
Per Share	0.45	—
1st Half	1990	1989
Revenue	2,000.	1,810.
Net Inc.	4.50	(a)74.50
Per Share	0.12	—

a: Loss. 1989 results include charge of $40.5 million.

J.C. Penney

2nd Quar.	1990	1989
Revenue	3,830.	3,670.
Net Inc.	83.00	98.80
Per Share	0.63	0.74
1st Half	1990	1989
Revenue	7,640.	7,340.
Net Inc.	227.00	226.00
Per Share	1.84	1.77

1989 half net includes charge of $20 million.

Sysco

4th Quar.	1990	1989
Revenue	1,960.	1,840.
Net Inc.	38.40	31.80
Per Share	0.42	0.35
12 Months	1990	1989
Revenue	7,590.	6,850.
Net Inc.	132.50	107.90
Per Share	1.45	1.19

TJX

2nd Quar.	1990	1989
Revenue	572.50	500.30
Oper. Net	14.40	12.90
Oper. Share	0.21	0.20
1st Half	1990	1989
Revenue	1,090.	965.60
Oper. Net	29.00	32.00
Oper. Share	0.42	0.54

West Point-Pepperell

2nd Quar.	1990	1989
Revenue	303.90	296.40
Net Inc.	2.703	11.50
Per Share	0.10	0.39
1st Half	1990	1989
Revenue	577.70	296.40
Net Inc.	0.237	11.5
Per Share	0.01	0.39

First half results of 1990 and 1989 are not comparable due to the acquisition of the company by Farley Inc.

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MUTUAL FUNDS

Figures as of close of trading Friday, August 17.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. †— Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

U.S. Rates Set to Lure Buyers

Compiled by Our Staff From Dispatches

NEW YORK — Prices of U.S. Treasury bonds fell sharply last week, boosting yields to levels that may begin to lure investors back to the market, analysts said.

The bellwether U.S. bond, the 8¾ percent issue that matures in 2020, closed Friday at 98 to yield 8.94 percent, down in price from 99 23/32 to yield 8.78 percent a week before. The drop of 1¾ points meant a loss of $17.50 for every $1,000 face value.

Dealers said the unpredictability of the Middle East situation has kept many investors out of the market. But with yields at nearly 9 percent, some dealers said they expected to see greater speculative interest in the market.

"It's war or not war, that's the big factor," said David Green, a manager at Chemical Securities Inc. "If we don't go to war, we'll look at an 8.95 percent yield on bonds and say 'How did we not buy them?'"

Bond yields have risen dramatically — by nearly half a percentage point on long-term issues — since late July, when the Iraqi president, Saddam Hussein, began his saber-rattling. But so far this has not created much interest.

Increasing predictions of a U.S. recession ought to be booting bond prices, but investors shrugged off news Friday of a 2.9 percent decrease in imports included in the U.S. government's monthly trade report for July. Other markets took this as yet another indicator of U.S. economic slowing.

But investors are also concerned about the U.S. inflation rate. Bond prices fell sharply and yields soared on Thursday on the news that U.S. retail prices surged an unexpected 0.4 percent in July.

"A soft economy together with relatively high inflation is the classic prescription for investor paralysis," said James Kochan, chief fixed-income strategist for Merrill Lynch Capital Markets.

The Iraqi-launched oil shock has probably tied the Federal Reserve Board's hand on lowering short-term interest rates to jog the economy, he said, for fear of unleashing inflation. Long-term bond prices

U.S. CREDIT MARKETS

usually rise when short-term rates come down, making fixed yields more attractive.

Leif H. Olsen, who heads an economic consulting organization bearing his name in New Canaan, Connecticut, said: "The next batch of economic data due out in September should clearly show the economy in a decline."

But he added, "the Fed cannot

With yields at nearly 9 percent, dealers said they expected to see greater speculative interest in the market.

ease credit with energy prices and inflation climbing each day."

Scott Winningham, chief market analyst for Stone & McCarthy Research Associates Inc. agreed, saying: "Any expectation that they are going to ease has been totally eliminated from market prices."

The Federal Reserve, for its part, intervened to add reserves to the banking system through repurchase agreements on Friday. But the move was considered one of several taken to offset the distortions caused by the power failure in New York's financial district last week.

As a result of the breakdown in computer and other transfer systems, which have now been restored, some banks were either debited for payments already made while others were given credit for much larger "floats," in effect money claimed to be en route, than were warranted.

In any case, the Fed's intervention had little impact on the key federal funds rate that banks charge each other for temporary loans. The funds traded between 8⅛ percent and 8 3/16 percent almost all week.

Other short-term rates rose sharply last week disappointment over Fed policy.

Rates on six-month Treasury bills jumped to 7.42 percent from 7.28 percent a week earlier, while three month bill rates climbed to 7.47 percent from 7.39 percent the previous week.

Among longer-term securities, 10-year Treasury notes ended at 99 21/32 to yield 8.80 percent, against 100 19/32 and 8.66 percent a week before. Five-year notes ended at 100 1/32 to yield 8.47 percent, against 100 19/32 to yield 8.34.

Three-year Treasury notes closed at 99 12/32 to yield 8.24 percent, compared with 99 23/32 and 8.11 percent a week earlier. Two-year notes were at 99 26/32 to yield 8.10 percent, against 100 3/32 and 7.95 percent.

Dealers also noted that the shorter-maturity issues are also looking attractive at current levels, even if the Fed does not push short-term rates any lower.

"In the two-year and three-year area, if you believe the Fed will hold policy fairly steady, you probably want to start buying at these levels," said Norah Hughes, trading manager at SBC Government Securities Inc.

The Fed's policy-making Federal Open Market Committee is due to meet on Aug 21. Analysts generally expect policy to remain unchanged.

However, the shorter-term note issues may come under downward pressure soon because of the Treasury's heavy auction schedule.

The Treasury is scheduled to announce two- and five-year note auctions on Aug 22.

(Reuters, UPI, NYT)

Picking a Good Fund to Ride the Oil Price Boom

By Carole Gould

New York Times Service

NEW YORK — Given the sharp rise in world oil prices, what are the prospects for mutual funds that invest heavily in oil and other energy companies? As a group, the funds looked good to analysts even before Iraq invaded Kuwait.

"They're already on their way, and the invasion will just speed the process along," said Catherine Gillis, senior analyst for Morningstar Inc., a Chicago consultancy.

The 17 funds that Morningstar groups under the natural resources banner — those that invest mainly in energy, metals, forest products and the like — gained an average of 30 percent last year, led by smaller funds.

The funds continued to perform well during the first half of 1990.

The Fidelity Select Energy Services Fund, for example, rose nearly 13 percent, placing it in the top 100 of the 1,850 funds tracked by Morningstar.

That said, what is the best way for investors to tap into natural resources?

For an aggressive play on oil prices, there are two funds that emphasize energy-service companies: Fidelity Select Energy Services and the Financial Strategy Energy Fund, sponsored by Financial Programs.

Because the livelihood of these service companies, which are based mainly in the United States and Canada, depends so much on the price of oil, "their earnings can skyrocket," Ms. Gillis said.

Of course, they can also plummet if oil prices collapse.

More conservative investors may prefer funds that also invest in big international oil companies.

Ms. Gillis likes the Putnam Energy-Resources Trust, which is 73 percent invested in oil and gas stocks. She also recommends the T. Rowe Price New Era Fund, the granddaddy of the group, which has a solid long-term track record.

What are the managers of the five largest natural resource funds looking at now?

Executives at Dean Witter Natural Resources declined to comment.

Here are the thoughts of the other four:

• George Roche and Charles Ober, co-managers of T. Rowe Price's $800 million New Era Fund, have built their energy position from 8.5 percent of fund assets in 1985 to 29 percent today, bringing their stake in natural resources to 73 percent.

The fund's largest holding is in Mobil Corp., which they note sells at a steep discount to the asset value of the company.

Mobil's international operations leave it well positioned to benefit from exploration opportunities overseas, mainly outside the Mideast.

• Richard S. Price, manager of the $425 million Merrill Lynch Natural Resources Trust B, predicts that oil supplies "will be tight and sustainable high prices are likely" in light of what looks like the long-term disruption in Mideast shipments.

The fund is 40 percent invested in energy and 75 percent overall in natural resources.

Mr. Price's favorite holding is Freeport-McMoRan Copper Co., an American mining concern with Indonesian operations.

• Ronald C. Clark, manager of the $140 million Putnam Energy-Resources Trust, sees crucial distinctions between today's situation and the 1973 and 1979 oil crises.

Worldwide inventories are high and oil lost in the embargo of shipments from Iraq and Kuwait can be made up with increased production from other members of the Organization of Petroleum Exporting Countries, he says.

The fund's biggest holding is in Atlantic Richfield Co. Arco produces more barrels of oil per share than the industry average, making it more sensitive than many competitors to a jump in oil prices, Mr. Clark said.

• Like most of the managers, Ernst H. von Metzsch, manager of the $130 million Vanguard Specialized Portfolios-Energy, sees oil prices settling in the low $20s.

His fund's largest holding is in Exxon Corp., which he calls a strong, well-capitalized company whose stock price has been held back by the Valdez oil spill.

China Plans To Increase Grain Prices

Reuters

BEIJING — China has drawn up an ambitious plan to raise grain prices for farmers and consumers, a major reform to both boost producers' incomes and output and slash hefty state subsidies on food, according to an official newspaper.

"The move is aimed primarily at boosting the morale of grain-growing farmers who have lost enthusiasm over the years as grain production became less and less profitable," the official China Daily reported Saturday.

Grain, which in China includes rice, maize, wheat, barley, soy beans, potatoes and other beans, is a lifeline for much of the nation's 800 million rural population.

But state selling prices have stagnated for 25 years and output has fallen behind China's population explosion, forcing imports from countries such as the United States.

The draft plan suggests raising the government's grain buying prices while phasing out a range of subsidies, the paper said.

The newspaper also reported that China's budget deficit is assuming alarming proportions this year as businesses continue to be affected by the sluggish market.

Chinese economists say that state spending is increasing much faster than revenue, and warn that the deficit for 1990 will far exceed that for 1989, the paper said, without providing figures.

The government has budgeted for a $1.9 billion deficit this year, compared with a $2.07 billion shortfall last year.

Mylan Labs: Bad News for 'Shorts'

By Alison Leigh Cowan

New York Times Service

NEW YORK — Nothing makes a short seller more confident of impending disaster than a whiff of disappointment in a high-flying company's sales figures.

But the recent experience of Mylan Laboratories Inc., a brash leader of the $2 billion U.S. generic-drug industry, suggests that the shorts are not infallible.

Last year, it looked as if Mylan might have a big hit with a half-interest it owns in a branded drug that holds promise for the approximately 800,000 Americans with Parkinson's disease.

So when monthly volume peaked in January at $6.6 million — roughly a month's supply for 69,000 sufferers — some investors began to question the drug's efficacy, and Mylan's stock slowly sank to $16.50, off 35 percent from its December high, as the shorts began to swarm.

Short sellers are essentially pessimists who borrow shares, which they then sell, in the belief that they will be able to replace the borrowed shares at a lower price.

At last count, 2.1 million of Mylan's 36.3 million shares had been borrowed to cover short positions, and company officials believe the number will approach three million when the Big Board releases an update shortly.

One speculator who bet against the stock was also quick to mention the recent scandals that have ravaged the generic-drug industry — even though Mylan was not implicated and helped expose that some companies apparently had bribed government regulators and falsified test data.

This time the short-sellers may have swooped too soon. According to several pharmaceutical analysts, Eldepryl, as the drug is known, is not a loser but has been undermarketed, a problem the company is addressing.

"The marketing program is not as effective as it could be," said Robert H. Uhl, Jr., an analyst at Salomon Brothers in New York.

Hemant K. Shah, a drug analyst at HKS & Co. in Warren, New Jersey, was emphatic in blaming Somerset Pharmaceuticals, Inc., the joint venture Mylan set up with Bolar Pharmaceutical Co., Inc. to sell Eldepryl domestically. "This is a critical marketing failure on the part of Somerset," he said.

Mylan earned $26.2 million in its financial year ended March 31 on revenue of $95.4 million, and 20 cents of those 72 cents in per-share earnings came from just seven months of Eldepryl sales.

Mylan also needs the business to tide it over until the 1991 expiration of $1.3 billion in patented drugs opens some new markets.

No one disputes that the Eldepryl has not met Wall Street's sky-high expectations. The drug was envisioned, and is still only approved, for the 150,000 or so Americans with advanced cases. But studies suggesting that Eldepryl might also help in the early stages of Parkinson's, and possibly other disorders some day, led analysts to conclude that the drug could sell anywhere from $100 million to $300 million annually.

Those estimates were based on the twin assumptions that a year's supply of the drug costs $1,140 at wholesale and that Somerset would capture at least 10 percent of the 800,000-person market.

Brazil to Make No Payments On Debt in '90

Reuters

SAO PAULO — Brazil does not plan to make payments on its foreign bank debt this year, according to the economy minister for the Third World's biggest debtor.

"At this moment, we are not thinking about it," the minister, Zelia Cardoso de Mello, said when asked if Brazil plans to make interest payments this year on about $57 billion in loans from commercial banks.

Including all debts to governments and other institutions, Brazil owes $108 billion.

Negotiations with the commercial banks will come after a pact is reached with the International Monetary Fund, Miss Cardoso said in an interview. She predicted that an agreement with the international lending agency will be reached in early October.

OIL: *Saudi Arabia to Boost Output to Calm Markets*

(Continued from page 1)

200,000 barrels of oil through the Gulf or the Jordanian port of Aqaba has been restrained by a blockade by U.S. and British naval vessels.

Saudi Arabia and Venezuela, two allies of the United States, now appear ready to increase output to make up for the shortage of oil.

It is widely expected by oil-industry experts that the United Arab Emirates will also increase output if Saudi Arabia acts first, Saudi oil industry officials said.

Shortly after the Iraqi invasion of Kuwait, the president of the national petroleum company of Venezuela, Andres Sosa Pietri, said, "We have the capacity to participate and supply the necessities of these allied countries that, due to world deficiencies, can see their petroleum needs rise."

But Venezuela has yet to act on its ability to increase output by 500,000 to 700,000 barrels a day. But OPEC officials say they have little doubt that Venezuela will increase output if Saudi Arabia does so.

A majority of OPEC countries still resists the idea of an emergency meeting by the cartel to raise output.

Indonesia, for instance, has argued that there is enough oil in world markets stored by oil companies to make up for the shortage.

Saudi Arabia does not dispute that fact, but Saudi officials say a general panic is spreading among consumers who are missing oil from Iraq and Kuwait, like Japan, Brazil and several Asian nations. This is pushing oil traders to speculate and push oil prices up, the Saudis say.

Altogether, Saudi Arabia, Venezuela, the United Arab Emirates and Nigeria can produce 3.8 million barrels a day if they all used their idled production capacity, a move that would still leave a shortage but would go a long way toward replacing the missing oil exports from Kuwait and Iraq.

More important, the move would end speculation on oil prices and push them down almost immediately, many oil industry officials say.

Oil prices closed above $28 per barrel on Friday. The key U.S. grade, West Texas intermediate closed at $28.60 on the New York Mercantile Exchange, up $1.24 for the day.

In Europe, North Sea Brent Blend was quoted $28.33 per barrel at the close in London, up 90 cents compared with Thursday.

Omani Central Bank Moves To Meet Dollar Demand

Agence France-Presse

MUSCAT, Oman — The Central Bank of Oman has taken another initiative to satisfy local demand in the wake of the Gulf crisis by providing all commercial banks with U.S. dollars.

The step was taken Saturday to check the sale of dollars on the market at what the central bank called "unacceptable rates." The supply of dollars suddenly dried up in the panic that followed the Aug. 2 invasion of Kuwait by Iraq, bank sources said.

One source said that the central bank was in a position to make a limited amount of dollars available to commercial banks operating in the Sultanate to meet domestic needs.

He said all banks had been directed not to sell dollars at a rate exceeding 0.3895 rials to the public and 0.388 rials to money dealers, inclusive of all commissions.

The Omani central bank is charging the banks 0.387 rials per dollar.

The source said it had been made clear to banks that "these dollars shall only be sold to satisfy local demand and the banks will not utilize them to fulfill any enquiries that they may have from outside the Sultanate."

The banks have been asked to make judicious use of this rare facility demanded by a rare situation. Their job, the source said, is to "ensure that these dollars are sold in small amounts to a large number of buyers rather than in bulk amounts to a limited number of clients."

Asked about the amount of dollars imported by the central bank, he said there are enough to meet the expected requirement, and sources are available for further flows.

IMPACT: *Third World Is Hurt*

(Continued from first finance page)

but also on oil refined by in Kuwait.

Because India and Pakistan have inadequate refining capacity, they will be hard-pressed to find the products they need.

South Korea, Taiwan and other Asian countries with rapidly growing economies confront different problems. While the industrial world has successfully pursued a policy since the 1970s of relying less on oil for each unit of economic output, South Korea and some of the others rely far more on oil than before. This has been the result of rapid industrialization and a vast increase in car use.

"South Korea is much wealthier than it was 10 years ago, with oil demand there growing 16 percent a year," said Peter Bogin, an economist in the Paris office of Cambridge Energy Research Associates.

"The oil price increase could put the squeeze on them much more, but at the same time South Korea is a much richer country than before so it should be able to weather the price increase better."

But for oil exporters, the price increase is an unquestionable boon. Export earnings of Venezuela, Mexico and Nigeria are each expected to rise $4 billion a year thanks to the price increase.

Smaller oil exporters like Ecuador, Gabon and Angola will also benefit, not just from higher revenues but also from an anticipated increase in exploration.

Economists say that the extra income gained by oil exporting countries will more than offset their loss in revenues from reduced imports by the industrial world.

Many Third World officials say they are worried that they will not be able to turn to Western governments, banks and aid organizations to help finance their higher oil bills.

Nonetheless, economists and energy experts say several factors will cushion the impact of this oil price increase compared with the 1970s shocks.

One factor is that the recent price rise is smaller, about 50 percent more per barrel so far, compared with threefold increases in the 1970s. While oil prices could go much higher if the gulf crisis grows, they could also fall quickly if the situation is soon resolved.

Another benefit is that some Third World nations have diversified their energy sources so that they rely less on oil and more on alcohol made from crops or hydroelectricity — two steps Brazil has taken.

MONEY: *New Fight for Kuwait*

(Continued from first finance page)

officials have surveyed and consolidated their total overseas assets — estimated at somewhere between $100 billion and $200 billion — and begun calculating how to mobilize some of those assets in the money war against Iraq.

"Kuwait is a small country that survived on its wits and diplomacy for a long time," said a senior executive at Kuwait Petroleum International, the country's giant oil-exporting firm. "We have the funds, the financial muscle and the human resources to handle this."

KPI's executives have spent the last two weeks locating new supplies of crude to feed the company's vast overseas refining facilities so that it can keep supplying gasoline and other oil products to its customers in the West. They estimate that with the assistance of the other Gulf Cooperation Council states, they can make up most of the 400,000 barrels per day they had received before the invasion.

Kuwaiti banking officials have been seeking exemptions from the freeze on Kuwaiti and Iraqi assets so that they can regain control of their money. The London-based United Bank of Kuwait, for example, has been allowed access to its $3.7 billion in assets by the Bank of England. The funds are being denied to Iraqi depositors, including the Iraqi Embassy here.

Kuwaiti officials are also attempting to help those countries that suffer economic losses in their effort to enforce the embargo. Officials said Prime Minister Saad Abdulla Salim Sabah made a firm pledge of support during a visit last week to Turkey, which stands to lose up to $3 billion in trade after closing its border with Iraq.

The Kuwaitis are taking grim pleasure in the plight of one group reliant on their financial largesse — the estimated 200,000 Palestinians who work in Kuwait. Their savings in Kuwaiti dinars were wiped out overnight and their salaries became nontransferable when Mr. Hussein effectively destroyed the currency by tying it to the Iraqi dinar.

Remittances from Kuwait have been a key element in keeping alive the economies of the West Bank and Gaza Strip during the long Palestinian uprising. Yet Palestinians by and large have applauded the Iraqi invasion, much to the disgust of their Kuwaiti hosts.

"The Palestinians normally get paid on the 20th of the month," said a Kuwaiti oil official. "So in a few days we'll hear from them. All those guys who are demonstrating against us, let's see what they say when the checks don't come."

Jordan is also suffering. Besides the threat to its economy if the Port of Aqaba, its only outlet to the sea, is closed, bankers say Jordan is falling behind in foreign debt repayments of $1 billion this year.

But the biggest economic losers so far are Kuwait's neighbors along the Gulf. Analysts say their banks have been squeezed at both ends by the crisis — by panicked depositors who have withdrawn billions in cash from the region in the past two weeks and by Western creditors who have cut off lines of credit and other sources of ready cash.

Besides Kuwait itself, the worst-hit Gulf state so far has been Bahrain, which has no oil revenue of its own and has prospered over the last two decades as an offshore banking haven for the huge wave of funds generated by the oil boom.

The Gulf states had hoped to use their huge banking industry to help finance privatization and economic redevelopment in the 1990s. Now that strategy is in serious trouble, said Stephen Timewell, editor of Arab Banker magazine here.

"The devastating consequences have already happened," Mr. Timewell said. "Even if Saddam Hussein were assassinated today and life returned to the status quo ante, the damage has already been done to Gulf banking. There's been a flight of capital — and none of it looks likely to return."

DOLLAR: *Currency Slumps as Traders Go for Gold*

(Continued from first finance page)

week, weighed down by domestic problems of slow growth and high inflation. This poses a dilemma for the Federal Reserve Board, because a boost or a cut in interest rates would exacerbate either ailment.

The dollar declined across the board, losing 2⅝ percent against the mark and the British pound, almost 2.5 percent against the French franc, 2.25 percent against the Spanish peseta and 1⅞ percent against the yen.

The dollar was the only currency the yen managed to better. The Japanese currency shed 2.5 percent against the Swiss franc, just over 1 percent against both the mark and the French franc, 0.75 percent versus the Italian lira and ⅝ percent against the pound.

Despite the still buoyant economy, a low rate of inflation and large surpluses in Japan's trade and current account, since the start of this year the yen has declined more than the dollar against the European currencies. The yen is down 9⅝ percent against the mark, compared with a 9 percent fall for the dollar. Against the Swiss franc, the yen has lost 17.5 percent and the dollar 15.5 percent.

These currency moves mean trouble for European manufacturers, making their exports more expensive on world markets and exposing their domestic markets to increased competition from U.S. and Japanese imports.

Europeans can face the dollar's decline with some equanimity, since there is an offsetting advantage — taming inflation through lower import prices for key commodities such as oil. The yen's fall, fueled by a 70 percent increase in Japanese direct investment in Europe, has no such offset.

"The yen's trend is judged worrisome," said Eric Tazé-Bernard, an economist at Banque Indosuez in Paris. He said there is a question "whether there is a threshold" beyond which Western Europe would retaliate against the yen's commercial advantage through increased protectionism.

The only certainty he and other analysts see is that the situation will get worse before it can possibly begin to improve.

To begin with is the fact that Japan is more reliant on oil supplies from the Middle East than any major European Community country. This makes for "a much stronger sensibility to Middle East events in Japan than in Europe, adding to the fragility of Japanese financial markets," Mr. Tazé-Bernard noted.

Prices in the Japanese stock and bond markets have been falling, in part because of worries about the Middle East and in part due to anticipation that the Bank of Japan will need to curtail the rapid growth in the money supply through higher interest rates.

Institutional investors, already sitting on big losses in domestic markets, have been forced to move funds abroad to find higher income on assets likely to appreciate against the yen to help offset the losses on domestic investments.

In comparison to the 8 percent available in three-month yen certificates of deposit, Japanese investors can earn 8.75 percent by putting their money in Swiss francs or 10⅛ percent in European Currency Units, or 14⅞ percent in sterling.

Bankers last week reported large shifts by Japanese investors into the European Currency Unit — both short-term deposits and medium-term bonds. A composite unit of the 12 EC currencies, the ECU provides a convenient way to invest in Europe at relatively high yield with very limited exchange-rate risk.

Revlon Will End Halston Designer Apparel Label

New York Times Service

NEW YORK — The Halston name in women's apparel, once the most glamorous designer label in America, will soon disappear almost entirely from sales racks in the United States.

Executives for Revlon Inc., which purchased the Halston businesses in 1986, said the company would close its apparel design operations at the end of this month while retaining the more lucrative fragrance business.

The designer, Roy Halston Frowick, who started the label in 1968, died of AIDS on March 26. He had stopped designing collections in 1984, after a series of large companies had exchanged ownership of his businesses, which he had sold originally to Norton Simon Co. in 1973. Revlon was the fifth corporate owner.

There were two collections: the made-to-order, or couture, line, costing from $3,000 to $20,000, and the ready-to-wear line, which cost $800 to $4,000.

"We had always hoped that Halston would become more involved again in the business," said Daniel J. Moriarty, a senior vice president of Revlon. "Now that this is not possible, it seems best to concentrate on the fragrance and licensing businesses we know best."

Euromarts At a Glance

Eurobond Yields

	Aug. 14	Aug. 8
U.S. $, 8 yrs & over	9.29	9.28
U.S. $, 5 to 7 yrs	9.14	9.13
U.S. $, less than 5 yrs	8.41	8.73
Pounds sterling, less than 5 yrs	13.56	13.47
French francs, less than 5 yrs	10.58	10.57
Ital. lire, less than 5 yrs	12.80	11.96
Danish kroner, less than 5 yrs	10.32	10.10
ECU, 8 yrs & over	10.29	10.27
ECU, 5 to 7 yrs	10.20	10.21
Can. $, less than 5 yrs	12.40	12.52
Aus. $, less than 5 yrs	14.24	14.78
N.Z. $, less than 5 yrs	13.57	13.47
Yen, 5 to 7 yrs	7.25	7.24
Yen, less than 5 yrs	7.31	7.33

Source: Luxembourg Stock Exchange.

Weekly Sales

Aug. 16.

Primary Market

	Cedel $	Cedel Nos$	Euroclear $	Euroclear Nos$
Straights	170.00	308.60	960.00	1,091.10
Convert.	—	—	—	—
FRNs	—	—	30.20	67.70
ECP	3,930.40	1,489.50	7,651.08	2,832.70
Total	4,100.40	1,790.10	8,641.2	3,991.50

Secondary Market

	Cedel $	Cedel Nos$	Euroclear $	Euroclear Nos$
Straights	4,744.30	15,521.10	14,200.40	13,074.50
Convert.	253.50	481.60	791.90	522.80
FRNs	1,428.80	1,724.60	2,911.08	2,738.00
ECP	3,481.10	2,188.70	2,679.50	3,770.20
Total	10,107.70	19,836.80	20,582.80	20,105.50

Source: Euroclear, Cedel.

Libor Rates

Aug. 17

	1-month	3-month	6-month
U.S. $	8 3/16	8 3/16	8 3/16
Deutsche mark	8¼	8 7/16	8⅝
Pound sterling	15 1/16	15 1/16	15 1/16
French franc	9 13/16	10 1/16	10¼
ECU	10	10⅝	10 9/16
Yen	7 9/16	7 15/16	8

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds

Aug. 17

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.07.92	99 26/32	99 28/32	8.10	7.96
15.05.93	99 12/32	99 14/32	8.24	8.12
30.06.94	100 14/32	100 16/32	8.36	8.27
15.08.95	100 2/32	100 4/32	8.47	8.34
15.07.97	99 3/32	99 5/32	8.68	8.55
15.05.00	99 21/32	99 23/32	8.80	8.67
15.02.10	103 4/32	103 6/32	9.00	8.83
15.05.20	98	98 2/32	8.94	8.78

Source: Salomon Inc.

U.S. Consumer Rates

Aug. 17

Tax Exempt Bonds Bond Buyer 20-Bond Index	N.A.
Money Market Funds Donoghue's 7-Day Average	7.50 %
Bank Money Market Accounts Bank Rate Monitor Index	5.91 %
Home Mortgage, FHLB average	10.05 %

Source: New York Times Service, UPI.

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Schlumberger

The undersigned announces that as from 28th August 1990 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 67 of the Certificates Schlumberger Limited repr. 5 shares of common stock of US$0.01 par value, will be payable with Dfls. 2,75 net per Certificate repr. 5 shares and with Dfls. 55,00 net per Certificate repr. 100 shares. (div. per rec-date 04.06.1990: US$ 0.30 per share).
The dividend distribution is not subject to tax with-holding at source.

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Amsterdam, 15th August 1990.

WALL STREET REVIEW

Figures as of close of trading Friday, August 17.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
Boeing s	97937	53½	47⅝	48½	—4½
WalMt s	97225	31⅛	27¾	28	—1⅞
IBM	94256	105¾	100¾	101⅞	— ⅜
GenEl	93189	68¼	63	64	—2⅝
PhilMr s	88385	47⅞	44	45¼	— ⅝
EKodak	75958	43⅝	40¼	40¾	— ¼
AT&T	71828	35½	32¾	33⅝	—1⅝
FdNM s	70889	33⅞	29⅞	30⅞	—3
GlbM n	68994	6½	5⅝	6⅝	+ ⅛
GnMotr	67735	40⅝	36⅝	37½	—2
AmExp	66029	27½	24⅝	25¾	—2⅛
Unitel s	65607	27¼	25⅛	25¾	— ½
Exxon	62108	52¾	50⅞	52⅛	+ ½
GTE s	61627	27⅞	25⅝	26¼	+ ⅛
TexUtil	59295	36⅝	35½	35¾	— ⅜
BrMySq	57779	62⅞	59	59⅝	—1⅝
JohnJn	51296	69⅝	64⅛	65⅞	+ ⅛
CocaCl s	50797	45	41⅞	42	—1¾
Navistr	49975	3⅞	2¾	2⅞	— ½
Compq s	49675	56⅝	49½	50⅛	—3¾
Waste s	49053	39⅝	35½	37	—1¼
Merck	46910	88¼	81	82⅛	—2⅝
AmBas	45951	7⅝	1½	2⅝	—5¼
Citicorp	45755	20⅝	18¾	18⅞	— ¾
Upjohn	45732	41⅝	38⅛	39⅝	+1⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
ENSCO	32375	5⅛	4¼	4⅝	+ ¼
PW Nk pw	29245	6	4⅝	5¾	+ ⅞
SNk 193wt	29049	14½	11⅞	14⅛	+1¼
Coron g	26826	7	6½	7	+ ⅜
EchoBy	26709	15⅛	13⅝	15⅛	+1⅝
Dk Nk wt	23524	15⅝	12⅞	15⅛	+1⅛
FruitL	21226	12¾	11¼	12	+ ½
ContAir	20890	6¾	4⅞	4⅞	—1⅞
WangB	19687	3⅜	3	3¼	— ⅛
EksNk wt	16786	6⅝	4¾	6⅛	+1
PegGld	13900	13	11⅞	12⅝	+1⅛
DowC rt	13493	8	6⅞	7¼	— ½
Amdhl	13172	13⅛	11⅝	11¾	—1⅛
NY Tim	12877	19¾	18⅝	18⅞	— ⅜
SNk 193wt	11239	15½	12¾	15	+1
BT Nk wt	10822	37¼	30⅞	35⅞	+1⅞
A-gta sc s	9270	8½	7¼	7⅝	— ⅛
Alza	8876	46½	43⅛	44¼	+ ¾
PrmFn	8258	2⅞	1⅞	2¾	+ ¼
BAT In	7873	10⅞	10¼	10⅝	+ ⅛
Hillhav n	7479	1¾	1¼	1⅜	— ⅛
MagmC	7175	6⅛	5½	5⅞	— ⅜
RhnP rt	6915	13	10⅞	10⅝	—2⅛
SNk 93cwt	6460	3¼	2⅝	2½	— ¼
Galac g	6267	3⅞	3⅞	3⅝	+ ¼

NYSE Sales

	Sales Vol.
Total for week	739,760,000
Week ago	963,530,000
Year ago	744,210,000
Two years ago	723,040,000
Jan 1 to date	25,459,525,000
1989 to date	26,945,930,000
1988 to date	27,825,708,000

AMEX Sales

	Sales Vol.
Total for week	69,170,000
Week ago	85,770,000
Year ago	67,990,000
Jan 1 to date	2,239,630,000
1989 to date	1,931,490,000

NYSE Diaries

	This Wk	Last Wk
Advanced	542	530
Declined	1351	1428
Unchanged	283	241
Total Issues	2176	2199
New Highs	37	41
New Lows	456	535

AMEX Diaries

	This Wk	Last Wk
Advanced	228	239
Declined	600	597
Unchanged	156	163
Total Issues	984	999
New Highs	14	24
New Lows	185	217

CVS DIAMOND* BASE CONSUMER SELLING PRICE — W.E. 17/8/90

CARBON VAPOUR SET DIAMOND* IN 18KT. HALLMARKED GOLD.	TOTAL DIAMOND WEIGHT-CARAT	US$ PER PIECE
CLEAN, H COLOR, EXCELLENT MAKE 1 POINTERS, DIAMOND SETTINGS.	1.00	2,560
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	0.50	1,280
	0.25	640

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 17.

A

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			2088	30	28	28	—1
ABS	.32	4.4	145	8¼	7¼	7¼	— ½
ACC Cp	.16	1.7	242	10¾	9⅛	9½	—1
ADC			994	19¾	17¼	18½	— ¾
ADT		t	5389	29½	27	27½	—1
AEL			207	5½	4⅞	4⅞	— ⅝
AEP s			66	12	11½	11½	— ½
ASK			1903	9½	8⅜	8¾	— ¼
AST			16593	21¾	18½	18¾	—1
AaronRt	.10	1.3	61	9	8	8	—1
AbingB	.08i		4	2¾	2¾	2¾	— ¾
AbeLinc			150	5½	3½	3½	—3
Abram	.20	5.2	10	3⅞	3⅞	3⅞	— ½
Acadin			2461	1	1	1	— ½
Accel	.20b	2.8	285	7¼	7⅛	7⅛	— ⅜
Acclaim			4818	9⅞	7⅞	8⅛	— ⅞
Aceto	.14b	1.2	35	12	11¼	11½	+ ¼
ACMT			171	13¼	12¼	12¼	— ¾
Acmt g			4	10¼	9¾	10¼	+1
AcmeSt			508	15½	15	15½	+ ¼
ActARt			2296	4	2⅞	3⅛	— ½
ActnSv	.16i		73	1½	1	1	
Acxiom			461	20	19½	20	+ ¼
AdacLb	.04i		4298	1⅞	1½	1½	— ¼
Adage			41	1¾	1⅝		
Adapt			9554	17½	13⅞	13¾	—3⅝
Adingt s			2730	19¼	16	16½	—1½
AdiaSv	.16	.9	484	19¼	17¼	17¼	—2
AdobeS	.24	.9	15688	29¾	26¾	27¼	—2
Adtec			456	3⅝	3⅛	3⅛	— ⅜
AdvCir s			1795	8¾	8⅛	8⅛	— ¼
AdvPos			167	8⅞	8¼	8¼	— ½
AdvMag			19	12½	11½	11½	— ¾
AdMkSv			585	4¾	4	4	— ½
AdvPoly			547	4⅝	4⅛	4⅛	— ⅜
AdvSem			288	4½	3⅞	3⅞	— ⅜
AdvTel			3392	18	15	15⅛	— ⅞
Advanta	.13e	1.4	2348	11	9½	9½	—1⅜
AdvoSy			937	10¾	10¼	10¼	— ½
Aequitn			1005	2⅜	2	2⅛	+ ¼
Aegon	2.46e	3.7	178	67⅜	65½	66⅜	+ ⅝
AerSysI			83	⅝	⅝	⅝	
Aerovx			1100	3¾	3⅛	3¼	— ½
AffBcCp	.16i		116	1⅞	1⅝	1⅝	— ¼
AflBsh			778	11½	11¼	11½	+ ¾
AgncyR	.68t	5.6	2714	13⅞	12	12¼	— ¾
Agnico g	.20	2.7	2594	8¼	7⅛	7½	— ⅜
Agouron			496	8⅝	7⅝	7⅝	— ½
Alcorp			3172	10½	7⅞	7⅞	—2⅝
AirMd			935	5	4⅞	5	
AirWisc			1558	9⅛	8⅛	8⅝	— ⅜
Airtran	.16	3.1	207	5⅜	4⅞	5⅛	— ⅛
Akorn	.07	4.7	539	1⅝	1⅜	1½	— ⅛
Akzo	1.79e	6.3	3094	29¾	28⅛	28¼	— ⅝
Alafen	1.10	8.8	134	13¼	12½	12½	— ¾
Aldus			5204	27½	24⅞	25½	— ¼
AlexBr	.28	2.7	906	11	10¼	10½	
AlexBld	.88	3.2	5289	27¼	24½	26¾	+1¾
AlfaCp	.40	4.2	326	10	9½	9½	— ¼
AllosR			1850	14¾	13¾	13¾	+ ½
Alico	.20	.7	115	28½	26½	27	— ½
AllAm s			149	1⅝	1⅝	1⅝	— ½
AllCity			58	6½	5⅝	6⅛	+ ⅞
AlegW			398	7½	7	7¼	
AllenPh			965	9¼	8¼	9	+ ⅝
Allianl			6199	3⅜	2½	2⅝	— ⅞
AlldBk	.30	5.0	101	6¼	5⅞	6	
AlldCap	1.23e	7.0	624	18¼	16¾	17½	— ¾
AldCall	.66e	4.0	870	17	15½	16½	— ½
AlldCI			2652	12	10½	11¼	+ ⅝
AlldGp	.48	3.7	58	13¾	13	13¼	
AlldRsh			22	1¼	⅞	1¼	+ ⅜
AloyCpt			50	⅝	½	½	—
AlisIFn			92	7½	7	7½	+ ½
Allwst s			7643	10½	9⅝	9⅝	— ¾
Aloette	.32	2.4	569	15¼	13	13½	—1¾
Alphari			85	⅜	¼	¼	+ ⅛
AlpMic			166	2⅝	2½	2⅝	— ⅛
AltaGld	.06e	1.6	9301	3⅞	3⅜	3¾	+ ¼
Altai			36	3½	3⅜	3⅜	+ ⅛
Altera			4425	12⅞	11⅞	11⅞	— ¼
Altos			135	8¼	8⅛	8¼	
Altron			493	4⅝	4	4	— ⅝
AmcorF	.50	3.6	62	14½	14	14	— ½
Amrion	.48	4.7	12	10¼	9¾	10¼	
Amerbc	.11r	3.1	288	4	3¾	3½	
AFFMt2	1.03e	14.0	614	7⅞	7⅜	7⅜	— ½
AFFF	1.50	8.0	371	18⅝	18¼	18⅝	+ ¼
AmFPr	1.30	11.1	311	11¾	10⅝	11⅝	+ ⅜
AFTxE	1.00	12.1	465	9	8¼	8¼	— ⅜
AFTxE2	1.28	15.8	400	8⅞	8⅛	8⅛	— ⅜
AWAirl			3637	8½	6⅞	7	— ⅞
AmBcp	1.15e	6.4	45	18¾	16½	18	+1
ABnkr	.50	6.6	481	8⅛	7	7⅝	+ ½
AmCaR			2254	12	10⅜	10⅞	— ½
AmCity			174	15½	14½	14½	—1½
AColoid	.44	4.3	18	10¼	9¼	10¼	
AConsu			72	6¼	5½	6	— ¼
AmEcol			634	9¾	8	9	+ ½
AFSvDu			62	4½	3¾	4	— ½
AFlm s			2922	8⅝	7⅜	7⅝	— ⅜
AmFl wt			721	4⅝	4¼	4¼	— ¼
AFltrn	.90	3.8	44	24	23⅝	24	+ ½
AGreet	.66	2.2	10589	31⅛	29⅛	29⅝	— ¼
AHltSv			3794	1⅝	1½	1½	+ ⅛
AIndF	.08	2.1	53	4	3⅝	3⅝	+ ¼
AmIntg			5450	6⅛	5½	5⅝	+ ⅜
AmLck	2.00e	66.7	1	3	3	3	— ¾
AMS			1215	17	15	15	—1¼
AMedE			1534	11⅛	10¼	10½	— ¼
ANtins	1.60	4.7	520	34½	34	34	
ANucIC			87	1			
AmNurs			287	2½	2¼	2⅜	— ⅛
AmPac			296	11⅜	10¾	11⅛	— ⅜
APhyG			272	1⅜	1⅛	1⅜	+ ⅜
APwCv			2155	37¾	33¾	34	—3¼
ARelian	.44	4.4	7	10	9	10	
ARepBc	.10e	1.1	34	9	9	9	
AmRice			218	¾	⅝	⅝	— ⅛
ASoft s	.24	2.7	10076	9⅞	8½	8¾	—1⅛
AmStl			379	2⅝	2¼	2½	+ ¼
ATvCm			3460	32¼	29¾	30¼	
ATrav s			4644	17⅝	14½	15½	—2
AVang	.05e	.8	50	6⅝	5¼	6⅝	+ ⅞
AWood			55	5⅝	4⅞	5	— ⅜
AmAll	.27e	6.0	603	4⅝	4¼	4½	+ ⅛
AmFIBk			1028	¾	⅝	¾	
Amerifr	1.28	9.0	4564	14¼	13¾	14¼	— ½
Amgen s			61906	49¼	42⅛	45¾	
Amistar			30	1	⅞	1	
AmskBk			591	1⅝	1½	1⅝	— ¼
Amoskg	.60a	4.1	26	14½	12½	14½	+1⅛
Ampicn			1	7	7	7	
Amserv			263	4⅝	3⅞	3⅞	
AmfcCp			2101	14¼	13⅛	13⅞	+ ⅝
Amvest	.20	5.5	1511	4⅛	3¼	3⅝	— ⅜
Anlogic			913	9⅝	8⅝	9	— ⅝
AnalyTc	.17	1.7	173	10½	10	10¼	— ½
Analy	.48	3.0	239	17⅝	16¼	16¼	—1
Anangel	1.25e	12.8	1733	11	10⅜	10⅜	— ½
Anaren			63	2⅝	2⅝	2⅝	+ ⅜
AnchSv			3318	1⅝	1⅜	1⅜	+ ¼
AndrGr			109	8⅝	8	8⅝	+ ⅜
AndvBc	.40	8.2	532	5	4½	4⅞	— ⅜
AndvTg			131	2½	2	2⅛	— ⅞
Andrew			997	17	15½	16½	
Andros			817	9¼	8	8½	
Apertus			1010	1⅜	1¼	1⅜	+ ⅛
AogeEn	.24	1.4	1570	17¾	16½	17⅛	+ ⅛
AppleC	.44	1.2	63959	40¼	35⅝	36½	—2¼
Applebe			2864	14	11	11¾	—2⅜
ABiosci			240	34⅛	33	33	—1
ApldBio			3753	10¼	9¼	9⅜	— ¾
ApldMt			16140	30	27¼	28	—1⅜
ApldPw	.12	.6	3587	19¼	18	18½	— ½
ApldSir			285	7⅛	5⅜	6⅛	+ ⅛
ArabSh			1	⅛	⅛	⅛	
Archive			6251	10	8½	8¾	— ⅛
Arbor	.16	.9	2697	18½	17¼	17¾	—1
Arctco			1490	9⅛	7⅞	8¼	— ¾
Arden			122	56⅛	55⅛	55⅛	— ¾
ArgoGp	1.60	2.3	3406	73	71	71	—1
Aritch			181	10	8⅞	8⅞	— ⅞
ARIX			1945	2	1⅝	1⅞	— ¼
ArtzInst			88	4½	4	4	— ½
ArkoFf			168	20½	19¼	19¼	—1
Armor	.64	4.9	373	14	13	13	
Arnold	1.00	2.9	1228	36⅛	34⅝	35	
ArowFn	.48	5.9	186	12⅜	11½	11½	— ⅞
Artel			200	3⅝	3⅜	3⅜	— ⅛
ArtistG	.10e	2.3	286	4⅞	4⅜	4⅜	— ½
Ashton			6907	9	7⅜	8⅜	—1
Aslamr			2120	3⅞	3⅛	3⅛	— ¼
AspcTI			3031	17½	15⅜	15¾	—1
AspenR			302	2⅜	2¼	2¼	— ⅛
Assix			758	5⅝	5	5⅛	— ⅝
AsdBnc	.72	3.9	192	19½	18½	18½	— ½
AsdCmA			2153	22½	19	20½	— ⅞
AsdCmB			775	22	18⅞	19½	—1
Astec			618	5⅛	4⅞	5	+ ⅛
AstrM s			304	7	6⅛	6⅛	—1⅜
Astron			125	2⅝	1⅞	1⅞	— ⅝
Astrosy			32	3¼	3	3⅛	+ ⅛
Atek			3	3⅝	3⅜	3⅜	— ⅛
Athey	.10e	1.2	94	8¼	7¾	8¼	+ ½
AtlcoF	.20	2.7	6	8	7½	7½	— ½
Atkinsn	.48	3.1	336	15¾	15	15¼	— ½
Atlntd	.40b	4.0	36	10	9¼	10	+ ½
AtlAm			228	2	1⅜	2	
AtlSeAr	.50	3.8	2274	14⅝	12½	13	—1½
Atwood	.82e	1.9	87	42⅜	42	42¼	— ½
AtwdOc			99	21¾	21	21¼	— ¼
AutTrT			348	2¾	2⅛	2⅜	+ ¼
Autoclv	.24	2.5	443	10¼	9½	9¾	+ ½
Autodk	.30e	.6	9642	51	45⅞	46¼	—1½
Autodie			275	4¾	4¼	4⅝	+ ⅛
Autoint			709	5¼	4⅜	4⅜	— ⅞
AutoCp			290	11½	10⅜	10⅝	— ⅛
Avntek			1056	2⅞	2⅝	2⅝	— ⅛
Avatar			652	20	18¼	18¼	
Avndle	.92	10.5	308	8⅞	8½	8¾	
Aztar			23979	4½	3½	4¼	+ ⅛
AztcM	.10b	1.9	470	6	5	5⅜	— ⅛

B

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
BB&T s	.80	4.6	640	19	17½	17½	—1¼
BH Bulk	.50i		333	3⅝	2⅝	3	— ⅛
BEI El	.08	1.2	1563	7	6½	6¾	— ⅜
BEI			2768	2⅝	2½	2⅝	+ ⅛
BF Ent			121	4⅝	4½	4½	
BFS NY			1050	8¼	7⅝	7⅝	— ½
BGS	.40a	1.7	572	24⅝	22¾	23½	— ½
BHA			298	21¼	18⅝	18⅝	—1¼
BHA B			376	20	18½	18½	— ¾
BKLA		t	6	6	5½	6	+ ½
BMA	1.20a	3.6	654	34½	32¼	33¼	+ ¼
BMC Sf s			2013	25	22¾	23¾	+ ¼
BMJ	.60	7.7	263	8⅛	7	7¾	— ¼
BMR Fn			37	5⅝	5⅜	5⅜	— ¼
BNH	.24	6.0	388	4½	3½	4	+ ⅜
BSB Bcp	.60	4.8	108	12¾	12	12½	— ½
BT Fin	.80	5.3	48	15¼	15	15	— ½
BT Shp			815	9	8¼	8¼	—1
BTR	.08	1.8	558	4½	3⅞	4⅜	— ⅛
BTU Int			614	3¼	3	3	— ⅛
Babage			789	8⅛	8⅛	8⅛	+ ⅜
Badger	.48a	2.8	30	17½	16⅜	17¼	— ¼
Bailey			176	1	⅞	1	+ ⅛
BkHo wt			1345	8⅝	8	8¼	— ⅜
BakerJ	.06	.6	1380	10	9⅛	9⅝	— ⅜
BldLyB	.30	1.5	1121	20¾	19½	20½	— ¼
BaldPla			24	8½	8	8½	+ ½
Balard	.10	.4	821	28¼	26	26	— ¼
Baltek	.15	2.9	402	7¼	5	5⅛	—1⅝
BncPop	.80	4.7	246	18	16⅝	17	— ⅜
BcpHw s	1.44	4.0	2042	45	40½	41½	—2¼
BcMiss	.84	4.5	168	18¾	18½	18½	+ ¼
BcoNJ	.48	5.5	67	9	8⅝	8⅝	— ⅜
Banctec			358	19	16½	17	—1⅝
BandoM	.28	10.4	310	8½	8	8½	+ ⅛
BangH	1.24	7.9	243	15¾	15¾	15¾	— ¼
BankAtl			92	2½	2	2½	
BkGrn s	.40	2.0	162	21⅛	20	20	—1¼
BnkNH	.92	11.9	845	8¼	7¼	7¾	
BkSou	.52	6.6	3221	8⅝	7⅜	7⅝	— ⅛
Bnkest			716	1⅝	1⅛	1⅛	— ⅛
Bnkrs	.11e	1.0	149	11¼	10½	10¾	
BnkFst	.28	4.9	70	6½	5⅞	5¾	— ¼
BkrNte			94	1¼	1	1	— ¼
Bknth	1.08	10.3	204	11	10⅜	10½	— ½
BkIowa	3.56	5.6	56	66½	61	64	—3
BkWorc	.25i		2254	13½	12⅞	13⅛	+ ½
BenPric	1.60	3.7	177	46	43½	43½	—2
Banta	.56	2.4	794	24¾	23	23	—1¼
Barden	1.00	3.1	42	34	32½	32¾	+ ¼
BaretRs			85	8⅛	7⅝	8⅛	
BaryJw			100	6½	5¼	5¼	—1⅛
Barton			2764	6½	5	5⅛	— ⅞
BsTnA			570	2	1⅝	1⅝	— ⅜
BasAm			1857	7	5⅝	5⅞	+ ⅛
BasPtr			368	20¾	17	20	+2⅜
BsetF	1.00a	2.9	431	35	33½	34½	+1
BayVw	.45e	3.2	4027	15⅛	14	14¼	— ¾
BayBks	1.20	9.9	9259	13	11⅞	12⅛	— ¾
Bayport			1127	⅝	⅝		
BEAvion			2734	9	8	8½	— ½
BeauCtl	.28	1.6	328	18½	17½	17¾	— ¼
BeautL			32	⅝	⅝	⅝	
Beebas	.24	4.1	96	6⅛	5⅞	5⅞	
BelFuse			369	2⅞	2⅝	2⅝	
BellW s			72	3½	2½	3½	+ ¾
BellSv			302	2⅝	1⅝	2⅝	
Belmrl			125	¾	⅝	¾	+ ⅛
BenJer			1255	18¼	16	16½	—1½
Benhan			104	1¾	1½	1¾	+ ⅛
Berklev	.44	1.3	1559	35¾	33½	33½	—2¼
BerkGs	1.28	8.4	18	15¼	14	15¼	+1
BethlBc	.32	2.4	8	14	13¼	13¼	+ ¼
BetzLb s	1.08	3.0	9232	38¾	35½	36½	—1
Big B	.16	1.7	209	10	9⅜	9⅜	— ⅜
BigOTr			1446	1⅛	1	1	
Bindly	.01e	.1	1196	12	10⅞	10⅞	—1
BingKg			169	3⅜	2⅝	3⅜	+ ½
Biogn wt			274	15½	11¼	14½	+2⅝
BioLog			30	3⅝	3	3⅝	
BiMedc			2065	25⅝	22¾	24⅛	+1⅛
Biogen			15132	26¼	22¾	22½	—2⅜
Biogn pf	2.12	5.4	758	44½	38	39	—1⅜
Biomet			12362	31	27	30	+2½
Biospth			27	4	3⅞	3⅞	— ⅛
BiotcR			58	4½	3⅝	3⅝	— ⅜
BioTInt			180	3¼	2⅞	2⅞	— ⅛
BirdCp			210	11½	11	11¼	

(Continued on next page)

In Vietnam, Private Units Overtake State Sector

United Press International

BANGKOK — Vietnam's private sector, boosted by market-oriented reforms, is rapidly outgrowing the once-dominant state sector, the official Vietnam News Agency reported over the weekend.

"The nonstate sector occupies an ever more important position in the national economic life," wrote Huu Tho, deputy editor of the Communist Party journal Nhan Dan, in a VNA dispatch. The nonstate sector includes private enterprises, family farms and workshops and small-scale cooperatives.

This sector, once deliberately suppressed in an effort to move to a higher level of socialism, is now credited with having "boosted the volume of social product, helped in the circulation of goods, and created jobs for millions of people," Mr. Tho wrote.

Vietnam instituted economic reforms beginning in 1987 meant to revive the nearly bankrupt socialist economy. The reforms gradually ended most state subsidies, put most state agencies on a profit basis and opened large areas of the economy to private enterprise.

VNA said Mr. Tho argued that more active steps should be taken to enact and enforce legislation encouraging the development of the private sector "while limiting its negative aspects."

He said the nonstate sector now accounts for about 90 percent of the rice, 56 percent of the coffee, 90 percent of the domestic animals and poultry and nearly 100 percent of the vegetables, fruit and eggs produced in the country.

Private and cooperative factories produce 50 percent of the country's industrial output and employ more than 2 million people, he said.

Mr. Tho warned, however, that fraud "spurred by the profit motive" was more likely.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Amsterdam operators shifted interest away from the Middle East conflict to focus on the release of a number of very disappointing half-year business results.

The figures seemed to reflect a slowdown in important segments of the world economy. The result was that the CBS all-share index closed at 184.70 on Friday, down from 188.00 a week before.

Total turnover was only 5.6 billion guilders for the week, of which 3.1 billion was in equities. A week earlier, volume was 10.4 billion guilders, with 4.6 billion in equities.

Frankfurt

Week-long market turbulence buffeted Frankfurt stocks, with a big drop on Friday dragging prices down to the year's low.

The DAX spot-trend indicator lost 3.56 percent on Friday alone, or 61.54 points, to close the week at 1,665.88, a drop of 83.46 points on the week. The Commerzbank index finished the week at 2,051.20, off 90.30.

Investors were extremely cautious, cutting volume on the eight West German exchanges to a mere 27.62 billion Deutsche marks, against 44.18 billion the previous week.

Hong Kong

Share prices rose during the week, despite uncertainty over tensions in the Gulf, with the Hang Seng index gaining 43.67 points, or 1.4 percent, to close at 3,122.64 Friday.

Average daily volume dropped by half from the previous week's 2.4 billion dollars.

Dealers said major institutions steered clear of the nervous market during the week, and trading could remain dull the next few days, as there is no sign that Gulf tension has lessened.

London

The crisis in the Gulf continued to dominate trading, resulting in further substantial losses.

Most of the fall came in the week's last two sessions, as bad U.S. inflation figures and an unproductive meeting between Jordan's King Hussein and President George Bush sent Wall Street tumbling and overcame the early resilience that had been apparent in London.

The Financial Times index of 100 leading shares ended the week at 2,176.9, down 56.9 points, or 2.5 percent, from the previous Friday. The FT-30 index fell 64.1 points to 1,678.9, bringing its loss for the week to 3.7 percent.

Milan

The bourse had another losing week, as the MIB stock index plunged by 5.43 percent to end at 906 Friday, a low for the year. The Comit index was off 5.33 percent to 622.49.

Analysts said the market feared the effects of possible recession in the United States, as well as the consequences of higher oil prices for the Italian economy. Some analysts mentioned worries about the strength of the Andreotti government and the risk of early legislative elections.

Volume averaged 270 billion lire a day, or 75 million shares, about the same as the previous week.

Paris

The crisis in the Gulf helped send Bourse prices plummeting during the week, as the CAC 40 index dropped by more than 6.5 percent to a year's low of 1,665.00.

That means stock prices were down almost 17 percent since the start of the Gulf crisis with Iraq's invasion of Kuwait on Aug. 2.

Singapore

The Gulf crisis continued to depress the Singapore stock market, which again saw a week of nervous trading with share prices seesawing throughout.

Dealers said sentiment was jittery, and many institutions were sidelined and adopting a wait-and-see attitude toward the Gulf crisis.

Fears of recession in the United States and inflationary pressures in Japan depressed sentiment, causing the market barometer, the Straits Times industrial index, to lose 29.53 points over the week, or 2.2 percent, to end at 1,314.13.

Turnover for the week fell 21.2 percent, to 360.9 million shares worth 720.1 million Singapore dollars, from 458 million shares valued at 999.3 million dollars the week before.

Tokyo

Uncertainty in the Gulf sent share prices bouncing wildly in thin trading on the Tokyo Stock Exchange, with the Nikkei average hitting a 28-month low.

The 225-issue average closed out the week at 26,786.72, down 542.83 points, or 2.0 percent, from a week earlier, for the fifth straight weekly loss.

The Tokyo Stock Price Index of all issues on the First Section dropped 23.58 points to 2,033.30.

Daily volume averaged 336.9 million shares against 436.6 million shares the previous week. The daily average value of transactions fell to 454.5 billion yen from the previous week's 621.4 billion yen.

Analysts expect the new trading week to be tumultuous as tensions in the Gulf remain, putting pressure on oil prices, interest rates and consumer prices.

The market might again test the resistance barrier of 26,000 points, while only index-linked and short-term investors stay active, brokers said. "Share prices can hardly come back at once, and they need to be corrected day to day," said a Nikko Securities Co. official.

Zurich

The stock market fell in step with most others last week, losing 3 percent, chiefly in reaction to the Gulf crisis.

The Swiss Performance Index lost 34.3 points to end at 1,057.3, while the Crédit Suisse indicator was off 24 to 579.8.

Malaysia Watchdog Move Ignites Concern

Reuters

KUALA LUMPUR — The appointment of a top businessman to head the body overseeing Malaysia's capital market has come under attack from some industry analysts, who say corporate players dominate the group and could pose conflict-of-interest problems.

Basir Ismail, chairman of the national oil firm Petronas, was appointed head of the Capital Issues Committee last week, bringing to five the number of businessmen in the eight-member group.

"With businessmen now in a strong majority in the CIC, who will guard the guards?" asked a foreign stockbroker.

The CIC regulates the issue of securities of both local- and foreign-incorporated companies and their listings on the Kuala Lumpur Stock Exchange.

Mr. Basir is closely associated with Prime Minister Mahathir Mohamad and has a string of personal stakes in several publicly listed firms. He replaces the deputy finance minister, Wan Abu Bakar Wan Mohamed, who was appointed to the CIC in December 1989.

Mr. Basir's appointment, the second big change in the CIC in the last eight months, is seen as a continuation of the government's policy to liberalize the country's capital market.

In January, the government dropped two civil servants and brought three businessmen into the committee to counter complaints that the CIC, then dominated by the public sector, was slow in approving new listings and share issues.

The three were Kamarul Ariffin, chairman of Dutch Baby Milk Industries Malaysia Bhd.; Ani Arope, chairman of Kumpulan Guthrie Bhd., and Hassan Kendut, a partner with the accounting firm Coopers & Lybrand Sdn.

The three joined Tunku Ahmad Yahya, chief executive of the plantation-based conglomerate Sime Darby Bhd., who was the sole private-sector member in the old committee.

Asia Stocks Stay Under Pressure

Agence France-Presse

Asian stock markets remained highly nervous last week and despite the occasional rally, the overall direction was still downward.

In the Philippines, renewed threats of attack by rightist military renegades added to the already tense situation created by Middle East developments, analysts said.

On the Manila Stock Exchange, the composite index fell by 2.8 percent or 21.6 points on the week to close at 835.07 on Friday.

Prices retreated slightly in more active trading on the Jakarta Stock Exchange last week, while investors continued to divert capital to the money markets.

The JSE index fell 1.0 percent to 585.150 at closing Thursday, while the Jardine Fleming Nusantara index fell to 137.13 from 139.06 points, with consumer, hotel and property and shipping stocks suffering the most. The market was closed Friday for a holiday.

Share prices on the Taiwan Stock Exchange ended lower last week, although the fall was not nearly as drastic as in the previous week.

The 216-issue weighted price index fell 84.22 points or 2.06 percent on the week to finish at 4,010.56 points Friday. The previous week the market had plunged by more than 20 percent. Since the Aug. 2 invasion of Kuwait, the Taiwan market has fallen by 30.50 percent.

Trading piled up on bargain-hunting and speculative buying, with average daily turnover surging from the previous week's 681 million shares to more than 867 million shares.

The Kuala Lumpur Stock Exchange was relatively stable during the week. Shares fell Monday but went into a technical rebound by midweek. The gains were pared later as investors took profits before the weekend.

The KLSE Composite Index closed 0.3 percent, or 1.6 points lower at 562.16 points, against 563.76 points the previous week.

BUSINESS BRIEFS

Mack Trucks Raises Loss Estimate

ALLENTOWN, Pennsylvania (AP) — Mack Trucks Inc. has increased its projected loss for the year by 38 percent, saying the weaker U.S. economy and the Gulf crisis will cost the company $180 million in 1990.

Mack predicted that its difficulties would continue if the economic and political uncertainties linger next year, when more stringent emission standards will increase truck prices.

Mack said the company expects 1990 sales to total $1.67 billion, compared with the $1.5 billion predicted earlier. Mack had originally predicted a loss of $130 million.

Keep Paying Debt, Ad Urges Manila

MANILA (AFP) — The Philippines' main banking and managers' associations took out a large advertisement in the country's leading newspaper Saturday, warning against repudiating any foreign debt.

The advertisement in the Manila Bulletin was an apparent reaction to moves in Congress to suspend servicing of the country's $26.1 billion foreign debt.

The advertisement noted that in 1984 and 1985, after the country declared a moratorium on debt servicing, inflation went as high as 63.8 percent, interest rates rose to more than 50 percent, unemployment rose to 12.5 percent, with underemployment rising to 36 percent.

Taiwan Dumps Sweaters, U.S. Finds

WASHINGTON (AP) — Sweaters made of synthetic fiber in Taiwan are being sold in the United States at less than fair market value, the Commerce Department has ruled.

The National Knitwear & Sportswear Association in New York had filed complaints last September against sweater manufacturers in South Korea, Hong Kong and Taiwan. The department had already ruled against manufacturers from Hong Kong and South Korea.

The findings clear the way for the International Trade Commission to determine whether the products are harming U.S. industry. If the commission finds that U.S. companies are being damaged, the government can impose duties on the imports to increase their prices.

Orders Flood Gas-Mask Makers

SEOUL (AFP) — South Korean gas-mask manufacturers have enjoyed brisk business from the Middle East since Iraq threatened to use chemical weapons, a Seoul daily reported.

The newspaper, Kukmin Ilbo, quoted industry sources Saturday as saying that two local makers of gas masks and protective gear were flooded with orders from countries such as Saudi Arabia, the United Arab Emirates and Jordan, and have already received orders surpassing their export targets for the whole year.

Pennzoil's Chevron Stake Studied

WASHINGTON (NYT) — The Federal Trade Commission is investigating whether Pennzoil Co. violated federal law in its purchase of an 8.8 percent stake in Chevron Corp. in December 1989.

The investigation was disclosed by Pennzoil in a filing with the Securities and Exchange Commission. The FTC is examining whether Pennzoil should have notified the government sooner of its purchase of Chevron stock.

Under a federal antitrust law, an investor must disclose his intention to acquire more than $15 million-worth of a company. But Pennzoil, citing a provision that waives disclosure if the purchase is made only as a passive investment, did not make the notification.

Strike Hits 30 North Sea Platforms

ABERDEEN, Scotland (AFP) — At least 30 North Sea oil platforms were affected by a new strike involving about 1,000 workers, the Offshore Industry Liaison Committee coordinating the strikes said Saturday.

But Shell Oil Co. said only 80 of its workers had responded to the call for a 24-hour strike and said production had not been affected.

The liaison committee said the strike would cause the loss of 200,000 barrels of oil. The strikers are demanding official recognition of their unions and improved working conditions.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 17.

(Continued)

Stock	Sales in 100s	High	Low	Close	Net Ch'ge
Unimed	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnBnk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UAEn A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UAEn B	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UBCal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UBWV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UCarBk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UCitGs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnCoast	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnCosF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnFdBc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UFinSC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UFireC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UGame	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UHltC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UInins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UMoBn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnNMx	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnSvBk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Bc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USBPa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Bc pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Enr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Facl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Hlth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Intc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Prc g	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Trst	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USWNV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UStatn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnTelev	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UnTote	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unitrin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Urcorc s	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
V Band	239	[illegible]	[illegible]	[illegible]	[illegible]
VLSI	6119	[illegible]	[illegible]	[illegible]	[illegible]

Stock	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, August 17.

Option & price	Calls Aug	Calls Sep	Puts Aug	Puts Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: [illegible]
Open Interest: [illegible]
r—Not traded. s—None offered. o—Old.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, August 17.

Option & price	Calls Aug	Calls Sep	Puts Aug	Puts Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: [illegible]
Open Interest: [illegible]
—Not traded. s—None offered. o—Old.

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(Continued From Back Page)

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MONDAY SPORTS

Yugoslavs and Soviets Play for the Gold, U.S. Settles for the Bronze

Compiled by Our Staff From Dispatches

BUENOS AIRES — Yugoslavia and the Soviet Union, teams that met in the quarterfinals of the World Basketball Championships, were to confront each other again Sunday night in the championship game of the tournament.

The Yugoslavs were the favorite going into the tournament and they beat the Soviets, 100-77, in the quarterfinals. The Yugoslavs won the gold medal at the recent Goodwill Games and the Soviets won the gold medal in the 1988 Olympics.

On Saturday, the United States won the bronze medal with a 107-105 victory over Puerto Rico.

The Soviets advanced to the championship game by defeating Puerto Rico, 98-82, in a semifinal game on Friday night. The same evening, Yugoslavs on Friday ended the U.S. team's hope of repeating as the tournament champion, beating the Americans by 99-91.

In the bronze medal game, Kenny Anderson scored 34 points for the United States, two on free throws with one second left to send the game into overtime. Puerto Rico had led by eight points with 1:34 remaining to play.

"I'm still shaking," said Anderson. "Even though it wasn't for the gold, it was for the bronze and that meant it was for pride."

The third-place finish represented the fourth straight major international tournament without any gold medal for the United States.

Any award for the United States appeared to by out of the question with 1:34 left in regulation when Raymond Gausse's three-point shot gave Puerto Rico a 96-88 lead. Anderson then took over.

"I have always wanted the ball in those situations," said Anderson. "Let me be the goat. I don't care about pressure."

He sank a jump shot with 1:21 to play to get the United States within six, and Puerto Rico opted for possession rather than foul shots four times in the final 1:19. But after a backcourt violation, Anderson made two free throws with 51 seconds left.

Todd Day scored 14 seconds later on a rebound of a missed jumper by Anderson after another turnover by Puerto Rico, which had never finished higher than fifth in a world championship.

All Puerto Rico had to do to win was inbound the ball with six seconds left. But José Ortiz, who had 25 points and 11 rebounds, tried to inbound the ball, overthrew Federico López, and the U.S. team had possession.

"At that point," said the U.S. coach, Mike Krzyzewski, "we had no timeouts, so I called a play. The play was Kenny Anderson. It's one of our better plays."

Anderson took the ball, drove into two players and took a jumper. He was fouled and made the two free throws, tying the score at 96.

The United States scored the first four points of overtime. Edgar León scored for Puerto Rico with 2:37 left, then Anderson gave the United States a five-point lead with a three-pointer 27 seconds later.

In Friday night's Soviet Union-Puerto Rico game, Valeri Tikhonenko scored 26 points to lead the winners.

The Soviet Union appeared to be in trouble when its best player, Alexander Volkov, who plays for the Atlanta Hawks of the National Basketball Association, fouled out with 10:57 to play and the score tied at 65. But the Soviets responded with an 8-0 run over the next 2:08 and Puerto Rico was never again closer than six points.

The Soviets took advantage of Puerto Rico's fouls, rarely missing free throws. Tikhonenko sank all 10 of his foul shots and Sergei Bazarevich missed just one of nine.

The Puerto Ricans, cheered on by the crowd, clapping to the beat of a noisy trumpet-and-maracas section, were led in scoring by León's 22 points.

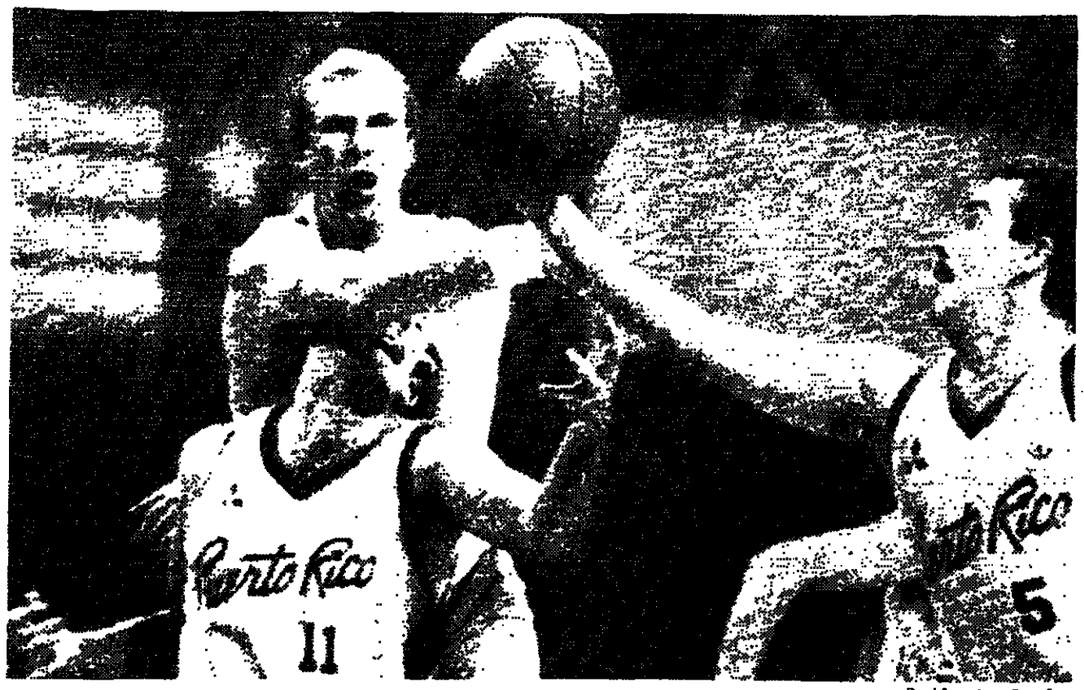
In the Yugoslavia-United States game, the winners were led by Drazen Petrovic, who plays for the NBA's Portland Trail Blazers. Petrovic had a game-high 31 points, making six of the 10 three-point shots he attempted. Toni Kukoc had 19 points for Yugoslavia.

The Yugoslavs controlled Anderson for most of the game, leaving the United States to depend mostly on Alzono Mourning and Billy Owens. Mourning finished with 26 points, Owens and Anderson with 12.

Yugoslavia took an eight-point lead about five minutes into the game, helped by the Americans' poor shooting and passing.

The Americans mounted several comebacks, but the Yugoslavs, led by Petrovic, Kukoc and Zurij Zvdoc, broke away with sharp passing and fast breaks.

This game was a rematch of the Goodwill Games final, an 85-79 victory for the Yugoslavs. Petrovic did not play in that game; he and Vlade Divac of the Los Angeles Lakers joined the team for the world championships. *(AP, Reuters)*



Daniel Garcia/Agence France-Presse

Alexander Belostenny of the Soviet Union got the head of Ramón Rivas as he tried to slap the ball from Federico López of Puerto Rico.

Big Plays and Big Game By Dilweg Lead Packers

Compiled by Our Staff From Dispatches

Anthony Dilweg put some pressure on Don Majkowski, who has not reported to training camp because of a contract dispute, as he passed for 161 yards in one half to help the Green Bay Packers beat the New Orleans Saints, 27-13, in a National Football League exhibition game in Madison, Wisconsin.

Dilweg completed 12 of 17 passes Saturday. He completed five of seven for 44 yards during a 93-yard, second-period drive that gave the Packers the lead for good. The drive ended with Jeff Query's 32-yard touchdown run on a reverse.

Dilweg also ran three yards for a touchdown in the first quarter after completions of 27 and 26 yards.

The Packers got another touchdown when Burnell Dent returned a fumble 50 yards.

"We made the big plays for ourselves instead of making them for the other team," said the Green Bay coach, Lindy Infante, whose team lost to Cleveland last week in a mistake-filled game.

Tommy Kramer, signed by the Saints last week, threw a 74-yard touchdown pass to Brent Perriman.

Highlights of the weekend's exhibition schedule:

● In Philadelphia, Randall Cunningham completed 13 of 19 passes for 144 yards and led the Eagles on two long touchdown drives as they beat the Miami Dolphins, 23-14.

Jim McMahon took over for Cunningham in the third period and led a 13-play, 76-yard touchdown drive ended by a five-yard scoring pass to Greg Werner. McMahon left the game early in the fourth quarter with a torn tendon in the middle finger of his left hand.

The Eagles' trainer said McMahon would have to wear a splint for six to eight weeks but probably would not miss any games.

● In Atlanta, Chris Miller of the Falcons passed for 267 yards and three touchdowns in the first half as the Falcons beat Cincinnati, 34-17.

Andre Rison, who like Miller played only in the first half, had four catches for 147 yards, including touchdown receptions of 82 yards and 27 yards. Steve Broussard, the Falcons' top draft pick, had a five-yard touchdown run.

● In Kansas City, the New York Jets beat the Chiefs, 20-0, as Kansas City failed to score a touchdown for the second straight week. Tony Eason, Ken O'Brien and rookie Troy Taylor threw touchdown passes for the Jets.

● In Houston, Phil Simms directed an 80-yard touchdown drive in the fourth quarter as the New York Giants beat the Oilers, 13-10. Joe Morris, out all of last season, ran the final yard of the scoring drive for New York with 6:53 remaining.

● In Tempe, Arizona, Johnny Bailey made his pro football debut by scoring two third-quarter touchdowns as Chicago beat Phoenix, 17-9, and ran its exhibition record to 3-0.

Bailey, a ninth-round draft pick from Texas A&I, was college football's all-time leading rusher with 6,320 yards. The touchdown came on the first carry for Bailey, who resumed practice last week after pulling a hamstring muscle in training camp on July 30. *(AP, UPI)*

SCOREBOARD

BASEBALL

Major League Standings

Through Saturday's Games

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	63	55	.534	—
Toronto	64	56	.533	—
Baltimore	56	62	.475	7
Cleveland	56	64	.467	8
Detroit	56	66	.459	9
Milwaukee	52	66	.441	11
New York	48	70	.407	15
West Division				
Oakland	77	43	.642	—
Chicago	68	49	.581	7½
Texas	62	58	.517	15
California	60	60	.500	17
Seattle	60	60	.500	17
Kansas City	58	61	.487	18½
Minnesota	55	65	.458	22

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Pittsburgh	70	49	.588	—
New York	67	50	.573	2
Montreal	62	57	.521	8
Chicago	57	62	.479	13
Philadelphia	56	61	.479	13
St. Louis	55	65	.458	15½
West Division				
Cincinnati	68	50	.576	—
Los Angeles	62	57	.521	6½
San Francisco	61	58	.513	7½
San Diego	56	62	.475	12
Houston	53	67	.442	16
Atlanta	45	74	.378	23½

Friday's Line Scores

AMERICAN LEAGUE

Cleveland	000 000 000	0	0
Detroit	600 102 00x	3	1

Candiotti and Alomar; Morris and Heath. W—Morris, 10-15. L—Candiotti, 12-8. HR—Detroit, Fielder (38).

Chicago	000 000 000 000	0	5	0
Texas	000 000 000 001	1	6	0

(First game, 13 innings)

Hibbard, B.Jones (9), Radinsky (11), Thigpen (11), Pall (13) and Karkovice; Ryan, Arnsberg (11), Rogers (13) and Stanley, Petrolli (9). W—Rogers, 5-5. L—Pall, 2-5.

Chicago	130 000 000	4	7	2
Texas	001 100 000	2	8	1

(Second game)

M.Perez, Patterson (8), Thigpen (9) and Fisk; Haush and Petrolli. W—M.Perez, 11-10. L—Haugh, 10-8. Sv—Thigpen (38). HR—Chicago, Fisk (13).

California	000 000 001	1	7	0
Boston	000 000 000	0	4	3

C.Finley and Parrish; Boddicker and Pena. W—C.Finley 16-5. L—Boddicker, 11-8.

Seattle	000 000 200	2	4	1
New York	100 100 01x	3	8	1

Swift, Comstock (8), M.Jackson (8) and S.Bradley, Hawkins, J.D.Robinson (7) Guetterman (7), Righetti (9) and Nokes, Geren (9). W—Guetterman, 8-4. L—Swift, 5-3. Sv—Righetti (25). HR—Seattle, E.Martinez (10).

Oakland	000 070 010	8	13	0
Baltimore	020 000 010	3	9	0

Welch, Eckersley (9) and Hassey; Mitchell, Schilling (5), Price (8) and Tettleton. W—Welch, 20-4. L—Mitchell, 5-5. HRs—Oakland, McGwire (31). Baltimore, Horn (10), C.Ripken (15).

Toronto	000 200 003	5	16	0
Minnesota	000 000 100	1	5	0

Stieb, D.Ward (7) and Myers, Borders (8); Erickson, Berenguer (7) and Ortiz, Harper (8). W—Stieb, 16-4. L—Erickson, 3-3. Sv—D.Ward (9). HR—Toronto, McGriff (28).

Kansas City	100 000 000	1	5	0
Milwaukee	011 000 00x	2	6	0

Gordon and Boone, Macfarlane (6); Higuera, Crim (8), Plesac (9) and Surhoff. W—Higuera, 7-5. L—Gordon, 8-9. Sv—Plesac (20). HRs—Kansas City, Brett (9), Milwaukee, Deer (23).

NATIONAL LEAGUE

Atlanta	000 000 000	0	3	0
Chicago	020 100 22x	7	7	0

Smoltz, Clary (8), Henry (8) and Whitt; Harkey and Girardi. W—Harkey, 12-5. L—Smoltz, 9-9. HRs—Chicago, Dunston 2 (16), Grace (5).

Pittsburgh	001 210 201	7	11	0
Cincinnati	000 000 010	1	8	0

(First game)

York, Patterson (8) and LaValliere; Rijo, Mahler (4), Scudder (6), R.Rodriguez (8) and J.Reed, Oliver (9). W—York, 1-0. L—Rijo, 8-6. HR—Pittsburgh, Bonilla (26).

Pittsburgh	010 011 010	4	6	1
Cincinnati	200 010 000	3	11	0

(Second game)

Smiley, Belinda (8) and Slaught, Browning, Layana (8), Oliver, J.Reed (9). W—Smiley, 6-6. L—Layana, 5-1. Sv—Belinda (6). HRs—Pittsburgh, J.Bell (5), King (7), Bonilla (27).

Houston	000 000 000	0	1	1
St.Louis	120 200 00x	5	10	0

Gullickson, Schatzeder (4), Hernandez (6) and Gedman; Tewksbury and Zelle. W—Tewksbury, 8-3. L—Gullickson, 8-10. HR—St. Louis, Zelle (13).

Philadelphia	001 001 000	2	8	1
San Diego	100 000 000	1	6	1

DeJesus and Doulton; Schiraldi, G.Harris (7), Show (9) and Santiago. W—DeJesus, 4-4. L—Schiraldi, 3-5. HR—Philadelphia, Murphy (18).

New York	000 000 200	2	8	0
San Francisco	000 003 00x	3	10	1

Viola, Pena (7) and Mercado; Garrelts, Bedrosian (8) and Carter, Kennedy (9). W—Garrelts, 10-9. L—Viola, 15-8. Sv—Bedrosian (18). HRs—New York, O'Malley (3), San Francisco, Williams (23).

Montreal	000 050 010	6	12	2
Los Angeles	141 100 00x	7	10	1

Gardner, Mahorcic (4), Ruskin (8), Burke (8) and Goff; Neidlinger, Crews (6), J.Howell (8) and Sciascia. W—Neidlinger, 2-1. L—Gardner, 6-7. Sv—J.Howell (11). HRs—Montreal, Raines (5), Aldrete (1). Los Angeles, Daniels (19).

Saturday's Line Scores

AMERICAN LEAGUE

Kansas City	221 100 003	10	17	0
Milwaukee	000 001 000	1	10	0

Appier, Crawford (7), Stottlemyre (8), Montgomery (9) and Macfarlane; Navarro, Lee (2), Powell (7) and O'Brien, W—Appier, 9-4. L—Navarro, 3-5. HRs—Kansas City, Macfarlane (5). Milwaukee, Molitor (8).

Seattle	000 000 000	0	2	0
New York	001 301 10x	6	9	0

Holman, Harris (6), Lovelace (7), Knackert (8), Schooler (8) and Valle; Witt and Nokes. W—Witt, 3-5. L—Holman, 11-9. HRs—New York, Barfield (17), Maas (14).

California	000 112 000	4	11	0
Boston	000 000 300	3	7	0

McCaskill, Fraser (7), McClure (8), Harvey (9) and Schroeder; Ballon, Lamp (6), Gray (9) and Pena. W—McCaskill, 9-8. L—Ballon, 7-2. Sv—Harvey (15).

Cleveland	001 001 001	3	9	2
Detroit	201 300 00x	6	9	2

Shaw, Valdez (2), Olin (6) and Skinner; Terrell, Nunez (9) and Salas. W—Terrell, 2-1. L—Shaw, 2-4. Sv—Nunez (3). HRs—Detroit, Trammell (10), Fielder (39).

Toronto	000 200 000	3	7	0
Minnesota	000 000 00x	0	6	0

Key, Henke (8) and Borders; Anderson and Harper. W—Key, 8-6. L—Anderson, 5-16. Sv—Henke (26).

Oakland	000 001 200	3	7	2
Baltimore	010 000 000	1	4	0

Young, Nelson (6), Eckersley (9) and Quirk; McDonald, Williamson (8), Olson (9) and Melvin. W—Nelson, 3-2. L—McDonald, 5-1. Sv—Eckersley (38). HRs—Oakland, R.Henderson (22). Baltimore, Melvin (4).

Chicago	110 001 000	3	8	0
Texas	004 004 00x	8	8	1

Fernandez, Radinsky (6), Peterson (8) and Fisk; Jeffcoat, Barfield (4) and Petrolli. W—Barfield, 2-0. L—Fernandez, 1-1. HR—Texas, Sierra (14).

NATIONAL LEAGUE

Pittsburgh	100 110 000	3	8	0
Cincinnati	000 000 010	1	7	0

Smith, Bair (8), Kipper (9) and Slaught; Hammond, Mahler (5), Rodriguez (7), Layana (9) and Oliver. W— Smith, 8-7. L—Hammond, 0-1. Sv—Kipper (2). HRs—Pittsburgh, Bonds (24). Cincinnati, Oliver (7).

New York	005 020 010	7	12	0
San Francisco	000 020 000	2	7	1

Cone and Mercado; Wilson, Oliveras (3), Downs (6), Thurmond (8) and Kennedy. W—Cone, 9-6. L—Wilson, 8-5. HR—San Francisco, Williams (24).

Atlanta	105 420 202	17	24	0
Chicago	010 010 031	6	11	2

LaBrandt, Luecken (7), Grant (9) and Olson; Dickson, Cottman (3), Pico (4), Williams (7), Wilson (8) and Girardi, Villanueva (6). W—LaBrandt, 5-7. L—Dickson, 0-2.

Houston	100 000 001	01	3	5	1
St. Louis	101 000 000	00	2	7	1

(11 innings)

Portugal, Andersen (7), D.Smith (10) and Biggio; Olivares, L.Smith (9), DiPino (11) and Zelle. W—D.Smith, 4-4. L—DiPino, 4-2. HR—Houston, Stubbs (18).

Philadelphia	010 100 000	2	8	2
San Diego	000 004 00x	4	7	0

Greene, Akerfelds (6) and Daulton; Benes, Rodriguez (7), Harris (8), Lefferts (9) and Santiago. W—Benes, 9-8. L—Greene, 1-1. Sv—Lefferts (19). HR—San Diego, Clark (20).

Montreal	000 020 000	2	7	1
Los Angeles	000 200 10x	3	4	0

Nabholtz, Rojas (7) and Fitzgerald; Valenzuela, Gott (8) and Sciascia. W—Valenzuela, 18-10. L—Rojas, 0-1. Sv—Gott (3). HRs—Montreal, Raines (6). Los Angeles, Murray (19).

Japanese Leagues

Central League

	W	L	T	Pct.	GB
Yomiuri	67	33	0	.670	—
Hiroshima	48	45	1	.516	15½
Taiyo	47	47	2	.500	17
Chunichi	48	51	1	.485	18½
Yakult	41	54	0	.432	23
Honshin	40	61	0	.396	27½

Pacific League

	W	L	T	Pct.	GB
Seibu	61	28	4	.677	—
Orix	50	41	3	.548	12
Nippon Ham	48	44	1	.522	14½
Kintetsu	48	46	1	.511	15½
Lotte	34	51	2	.402	25
Daiei	30	61	3	.335	32

SATURDAY'S RESULTS
Saturday's Games

Yomiuri 6, Honshin 1
Hiroshima 3, Yakult 2
Taiyo 6, Chunichi 3
Seibu 4, Daiei 1
Nippon Ham 5, Kintetsu 3
Lotte 14, Orix 2

SUNDAY'S RESULTS

Yomiuri 10, Honshin 0
Hiroshima 10, Yakult 6
Chunichi 4, Taiyo 3
Seibu 9, Daiei 5
Orix 5, Lotte 0
Nippon Ham 3, Kintetsu 1

World Championship

In Edmonton, Alberta
Championship Round

FRIDAY'S RESULTS

United States 9, Canada 4, seventh place game
Japan 14, Taiwan 3, fifth place game

SATURDAY'S RESULTS

Bronze Medal

South Korea 7, Puerto Rico 4

Gold Medal
(Best of three games)

Cuba 14, Nicaragua 0, 7-innings

SUNDAY'S GAMES

Cuba vs. Nicaragua
Cuba vs. Nicaragua, if necessary

BASKETBALL

World Championship

In Buenos Aires

FRIDAY'S RESULTS

Brazil 100, Australia 93
Greece 81, Australia 78

Semifinals

Yugoslavia 99, United States 91
Soviet Union 98, Puerto Rico 82

SATURDAY'S RESULTS

Bronze Medal

United States 107, Puerto Rico 105, OT

Seventh Place

Australia 98, Argentina 84

11th Place

Venezuela 93, Canada 92

15th Place

South Korea 117, Egypt 115

SUNDAY'S RESULTS

13th Place

Angola 112, China 96

TENNIS

WOMEN

Virginia Slims
Los Angeles
Singles Quarterfinals

Monica Seles (2), U.S., def. Amy Frazier (9), U.S., 2-6, 6-2, 7-5; Zina Garrison (4), U.S., def. Katerina Maleeva (5), Bulgaria, 6-1, 6-1; Mary Joe Fernandez (6), U.S., def. Stephanie Rehe, U.S., 7-5, 6-2; Martina Navratilova (1), U.S., def. Kathy Rinaldi, U.S., 6-0, 6-1.

Semifinals

Navratilova def. Garrison, 6-0, 6-7 (7-2), 6-4; Seles def. Fernandez, 6-1, 6-0.

MEN

Volvo International
New Haven, Connecticut
Singles Quarterfinals

Todd Woodbridge, Australia, def. Wally Masur, Australia, 7-6 (7-5), 3-6, 7-5; Mark Woodforde, Australia, def. Bryan Shelton, U.S., 7-5, 6-2; Derrick Rostagno, U.S. def. Christo van Rensburg, South Africa, 7-5, 6-0; Andrei Chesnokov (5), Soviet Union, def. Cristiano Caratti, Italy, 6-2, 6-1.

Semifinals

Rostagno def. Chesnokov, 7-6 (7-4), 6-3; Woodbridge def. Woodforde, 1-6, 6-4, 6-3.

U.S. Hardcourts
Indianapolis
Singles Quarterfinals

Boris Becker (1), West Germany, def. Jim Courier (8), U.S., 4-6, 7-5, 3-1 (retired); Jay Berger (4), U.S., def. Kelly Evernden, New Zealand, 5-7, 6-1, 6-3; Richey Reneberg (14), U.S., def. Pete Sampras (6), U.S., 3-6, 6-1, 7-6 (7-0); Peter Lundgren, Sweden, def. Andre Agassi (2), U.S., 6-4, 6-0.

Semifinals

Becker def. Berger, 6-4, 6-3; Lundgren def. Reneberg, 6-4, 6-4.

RUGBY

Rugby's Big Eight

Last 10 tests among the eight

	W	D	L	Tries
1. New Zealand	9	0	1	39
2. England	6	1	3	20
— Scotland	6	1	3	20
4. Australia	5	0	5	24
5. France	4	0	6	19
6. Argentina	3	1	6	5
7. Ireland	2	0	8	12
8. Wales	1	0	9	9

SATURDAY'S RESULT

New Zealand 9, Australia 21

First half: Penalty goal by Australian flyhalf Michael Lynagh. Two penalty goals and a dropped goal by New Zealand flyhalf Grant Fox. Penalty goal by Lynagh.

Second half: Try by hooker Phil Kearns, converted by Lynagh. Three penalty goals by Lynagh.

GOLF

Final scores Sunday from the par-72 English Open played at The Belfry, Birmingham, England:

x-Mark James, Britain,	76-68-65-75—284
Sam Torrance, Britain,	75-67-69-73—284
David Feherty, Britain,	73-75-69-68—285
Severiano Ballesteros, Spain,	72-72-68-75—287
Mike Harwood, Australia,	74-73-69-72—288
Howard Clark, Britain,	76-73-69-70—288
Derrick Cooper, Britain,	77-73-71-67—288
Stephen McAllister, Britain,	74-74-72-68—288
Steven Richardson, Britain,	71-76-67-75—289
Gordon Brand Jnr, Britain,	71-75-72-71—289
Peter McWhinney, Australia,	76-74-68-72—290
Vijay Singh, Fiji,	77-72-67-75—291
Brett Ogle, Australia,	73-74-69-75—291
Russell Claydon, Britain,	78-72-72-69—291

x-won in playoff

CYCLING

Results in Sunday's Championship of Zurich, a World Cup 149-mile (240-km) race:

1. Charly Mottet, France, 6 hours, 7 minutes, 8 seconds; 2. Greg LeMond, U.S.; 3. Claudio Chiappucci, Italy; 4. Marino Lejarreta, Spain, same time; 5. Gianni Bugno, Italy, 39 secs behind; 6. Rolf Sorensen, Denmark; 7. Franco Ballerini, Italy; 8. Inaki Gaston, Spain; 9. Gilles Delion, France; 10. Pedro Delgado, Spain, same time.

World Cup leaders after eight races:

1. Gianni Bugno, Italy, 102 points; 2. Rudy Dhaenens, Belgium, 81; 3. Moreno Argentin, Italy, 62; 4. Claudio Chiappucci, Italy, 57; 5. Sean Kelly, Ireland, 50; 6. Gilles Delion, France, 48; 7. Franco Ballerini, Italy, 43; 8. Marino Lejarreta, Spain, 40; 9. John Talen, Netherlands, 39; 10. Luc Roosen, Belgium, Adri van der Poel, Netherlands, 38.

SOCCER

FRENCH FIRST DIVISION

Bordeaux 2, Nantes 0
Brest 4, Nice 0
Cannes 1, Caen 1
Monaco 0, Lyon 0
Nancy 2, Toulon 1
Olympique Marseille 2, Lille 0
Paris St. Germain 1, Auxerre 1
St. Etienne 1, Montpellier 0
Sochaux 4, Rennes 0
Toulouse 2, Metz 1

Standings: Olympique Marseille, 9 points; Brest and Monaco, 7; Auxerre, Caen, Toulouse and Rennes, 6; Lille, Sochaux, Paris St. Germain, Nantes, Lyon and St. Etienne 5; Montpellier, Bordeaux, Metz and Cannes, 4; Nancy 3; Toulon and Nice, 2.

WEST GERMAN FIRST DIVISION

Fortuna Dusseldorf 2, SV Hamburg 1
FC Kaiserslautern 1, Eintracht Frankfurt 1
SC Karlsruhe 1, Borussia Dortmund 2
Bayer Leverkusen 2, FC Nuremberg 2
Bayer Uerdingen 0, SG Wattenscheid 2
VfL Bochum 1, FC Cologne 0
VfB Stuttgart 4, Hertha Berlin 0
Werder Bremen 3, B. Monchengladbach 0

Standings: VfB Stuttgart, SG Wattenscheid and VfL Bochum 4 points; Eintracht Frankfurt, FC Kaiserslautern, Fortuna Dusseldorf and St. Pauli 3; Werder Bremen, Bayer Leverkusen, FC Nuremberg, Bayern Munich and Borussia Dortmund 2; FC Cologne and Bayer Uerdingen 1; SV Hamburg and SC Karlsruhe 0, Borussia Monchengladbach 0, Hertha Berlin 0

TRANSACTIONS

BASEBALL
American League

TEXAS—Put Kevin Brown, pitcher, on 15-day disabled list retroactive to Aug. 14. Activated Mike Jeffcoat, pitcher, from 15-day disabled list.

FOOTBALL

National Football League

FRIDAY'S EXHIBITION RESULTS

Detroit 24, Buffalo 13
Washington 27, Pittsburgh 24
Seattle 13, Indianapolis 10

SATURDAY'S RESULTS

Green Bay 27, New Orleans 13
L.A. Raiders 14, Dallas 14
Atlanta 34, Cincinnati 17
Philadelphia 23, Miami 14
Tampa Bay 44, New England 18
New York Giants 13, Houston 10
New York Jets 20, Kansas City 0
San Diego 30, L.A. Rams, 27
Chicago 17, Phoenix 9

SIDELINES

Martina Hingis Wins Tennis Title

Australia Tops New Zealand

Darrell Waltrip Wins at Pocono

Jimmy Connors Beats Ivan Lendl

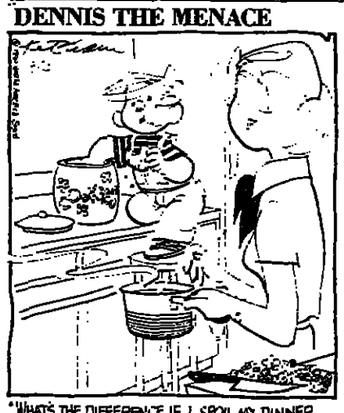
Boris Becker Defeats Jim Courier

Quotable

"Gardner Ucon is a very nice guy. He gives me a lot of tickets."

Lawrence Gardner, Ucon's agent, on the boxer's generosity.

DENNIS THE MENACE

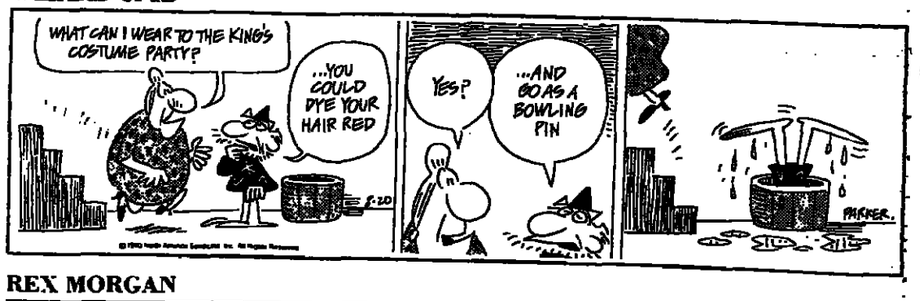


PEANUTS

ANDY CAPP

BLONDIE

WIZARD of ID



JUMBLE

THAT SCRAMBLED WORD GAME
By Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PRUPE
LEJUP
VISNAH
CURPES

THE STRUGGLING POET'S LIFE WAS FILLED WITH VERSES AND ---

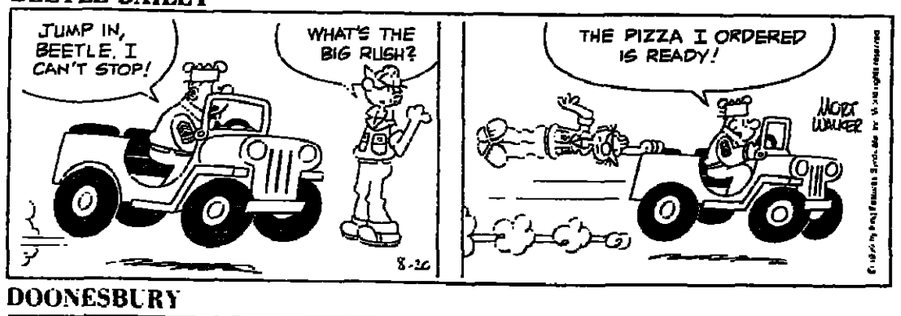
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

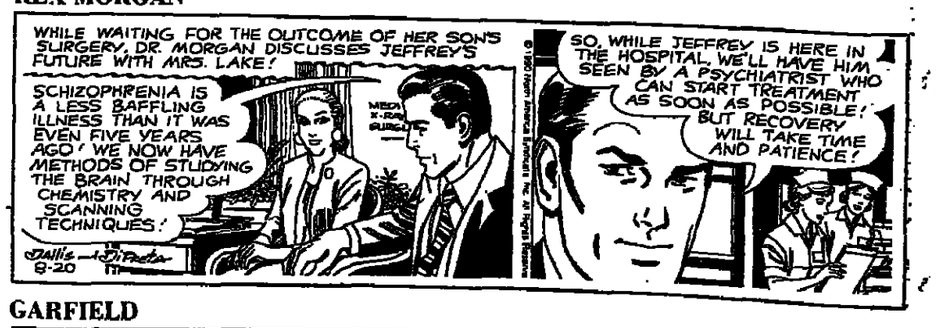
(Answers tomorrow)

Saturday's Jumbles: CROAK LOWLY GUITAR HINDER
Answer: What landing money offer amounts to — "TOUCH" — AND GO

BEETLE BAILEY



REX MORGAN



DOONESBURY

GARFIELD

TO OUR READERS IN HOLLAND

The International Herald Tribune is on newsstands throughout Holland every morning as dated except Monday. If you have problems getting your copy, please contact: Edicres International B.V., P.O. Box 264 NL-2130 AG Hoofddorp, Tel: 02503-24024 - Tx: 41803 Fx: 02503-20602

MONDAY SPORTS

Kevin Reynolds beat the ball home, scoring as the Giants' catcher, Terry Kennedy, awaited the throw during the Mets' 9-2 victory. Blake Sell/Reuters

Yankees' Surprise: Sweet Sweep

Compiled by Our Staff From Dispatches

On the day before George Steinbrenner was to be swept out of office, the Yankees completed their first home sweep of the season, beating the Seattle Mariners, 3-1, Sunday in New York.

Steinbrenner must give up control of the team by midnight Monday under an agreement reached with the commissioner of baseball, Fay Vincent. Steinbrenner was not at the ballpark Sunday, but he pulled a surprise: rehiring a manager instead of firing one. Stump Merrill's contract was extended through 1992.

If Merrill were to stay until the end of the contract, it would be the longest tenure for a manager of the Yankees since Billy Martin's first stint, from August 1975 until July 1978.

On the field, Tim Leary (6-16) pitched strongly for seven innings and won for the first time in 10 starts at Yankee Stadium this season.

Leary gave up one run on six hits before Lee Guetterman relieved for one inning. Dave Righetti got the final three outs for his 26th save.

The Yankees' third straight victory marked their first sweep at home since Sept. 1-4, 1989, against California.

Roberto Kelly led off the Yankees' first with a double off Matt Young (6-13), moved to third on a grounder by Steve Sax and scored on Oscar Azocar's groundout. Bob Geren hit a two-run homer in the fifth, his eighth of the year and first since July 25 when he helped spoil Nolan Ryan's first attempt at his 300th victory.

Orioles 3, Athletics 2: Anthony Telford gave up one hit over seven innings in his major-league debut, helping Baltimore win at home and end a four-game losing streak.

Cal Ripken and Joe Orsulak homered for the Orioles, who had not beaten Oakland at home since June 18, 1989.

Telford, called up from the minor leagues on Saturday, had a no-hitter for 4⅔ innings before Terry Steinbach lofted a single to center that fell well in front of Brady Anderson.

Blue Jays 9, Twins 1: In Minneapolis, Mookie Wilson's two-run double and two Minnesota errors fueled a six-run seventh inning, lifting Toronto.

The victory gave the Blue Jays a three-game sweep and extended the Twins' losing streak to five games.

Minnesota had taken a 1-0 lead in the sixth on Kirby Puckett's RBI single, but infield errors opened the way for Toronto's comeback in the seventh.

After Glenallen Hill singled with one out, Manny Lee reached first when the Twins shortstop Greg Gagne misplayed his grounder. Luis Sojo then beat out a bunt for a hit, but Twins starter Mark Guthrie (4-6) threw the ball past first and allowed both Hill and Lee to score.

After Kenny Williams singled Sojo to third, Wilson lined a double into the left-field corner for two more runs and a 4-1 lead. Fred McGriff's single brought in Wilson with another run before Guthrie was replaced by Jack Savage. George Bell greeted Savage with an RBI single for the Blue Jays' sixth run of the inning.

BASEBALL ROUNDUP

Brewers 7, Royals 2: Mark Knudson threw a three-hitter and B.J. Surhoff's two-run single keyed a four-run fourth inning that led Milwaukee at home.

Knudson (9-6) pitched his third complete game. He had a 7.53 earned-run average in his last six appearances.

The Brewers sent nine batters to the plate in the fourth inning to take a 6-1 lead off Andy McGaffigan (3-1). Milwaukee was aided by a three-base error, two walks and a wild pitch in the inning.

Pirates 6, Reds 3: Bobby Bonilla delivered a three-run home run and Doug Drabek recorded his 16th victory, allowing Pittsburgh to post a four-game sweep in Cincinnati.

The Pirates took a 2-0 lead in the third when Drabek led off with a single and Wally Backman walked. Rafael Belliard sacrificed and Andy Van Slyke singled, scoring Drabek and Backman.

The Reds cut the deficit to 2-1 in the fifth. Chris Sabo singled, took third on Todd Benzinger's double and scored on right fielder Bonilla's throwing error.

Pittsburgh took a 5-1 lead in the sixth when Backman and Belliard singled and scored on Bonilla's 28th home.

Cardinals 7, Astros 3: Tim Jones and Denny Walling homered and Jose DeLeon won his first game in two months, leading the Cardinals in St. Louis.

Jones hit his first major-league home run and Walling, starting in place of the injured first baseman Pedro Guerrero, added his first homer since Aug. 18, 1989.

Cubs 5, Braves 4: Hector Villanueva, pinch hitting, smacked a two-run homer with two out in the eighth inning, lifting Chicago at home.

Greg Maddux (11-10) gave up 11 hits over eight innings for the victory, his seventh in his last eight games.

Saturday's games:

Pirates 3, Reds 1: Zane Smith came into the contest 2-7 against Cincinnati but held the Reds to six hits over 7⅓ innings to win the game between National League division leaders in Cincinnati.

Mets 9, Giants 2: Howard Johnson and Dave Magadan each drove in three runs and David Cone struck out a career-high 13 batters as New York broke a seven-game losing streak in San Francisco.

Dodgers 3, Expos 2: Stan Javier's single broke a tie in the seventh inning as Los Angeles won at home and took over second place in the NL West.

Braves 17, Cubs 6: Mark Lemke got five of Atlanta's season-high 24 hits and Tommy Gregg drove in four runs as the Braves, in Chicago, had their highest-scoring game of the season.

Astros 3, Cardinals 2: Franklin Stubbs, who in the ninth inning tied the game for Houston with a home run, scored in the 11th on a single by Mark Davidson to win the game in St. Louis.

Padres 4, Phillies 2: In San Diego, Jack Clark's three-run homer with two outs in the sixth beat Philadelphia.

Angels 4, Red Sox 3: Pete Coachman singled in a run in his major league debut and Donnie Hill singled and scored twice in Boston as California won its fifth straight and dropped the losers into a virtual tie with Toronto for first place in the American League East.

Blue Jays 3, Twins 0: Toronto scored all its runs off Allan Anderson in the fourth inning in Minneapolis.

Royals 10, Brewers 1: In Milwaukee, the Brewers' four-game winning streak ended as Kansas City rookie Brian McRae got four hits.

Yankees 6, Mariners 0: Mike Witt pitched a two-hitter in New York and Jesse Barfield homered.

Tigers 6, Indians 3: In Detroit, Cecil Fielder singled and hit a home run, his 39th of the season. Fielder, who homered for the third straight game, leads the majors in home runs.

Athletics 3, Orioles 1: Rickey Henderson's tie-breaking two-run homer in the seventh inning in Baltimore was the first home run off Ben McDonald this season and gave the Oriole rookie his first major league loss after six victories.

Rangers 8, White Sox 3: In Arlington, Texas, catcher Geno Petralli threw out three runners while the game was close and hit an RBI single in the Rangers' four-run sixth. *(AP, UPI)*

■ **Hello, Big Time**

José Offerman became the 61st player in major league history to hit a home run in his first major league at-bat when he homered off the Montreal Expos pitcher Dennis Martinez in the first inning of the Dodgers' game against the Expos on Sunday. The Associated Press reported from Los Angeles.

Offerman, a No. 1 draft pick in June 1987, hadn't hit a homer in 450 at-bats this season in the minor leagues.

Griffey Retires To Help Reds

The Associated Press

CINCINNATI — Ken Griffey, a prominent member of Cincinnati's "Big Red Machine" in the 1970s, and the only one still playing, has retired after meeting with team officials, who needed to create an opening on the roster.

Griffey, 40, was partially dressed in his uniform when the Reds' manager, Lou Piniella, called him into his office before Saturday's game against Pittsburgh.

Piniella said Griffey, used primarily as a pinch-hitter this season, agreed to retire to help the Reds through a roster problem.

"I think that's accurate," Piniella said. "I talked to Ken. There were a couple of options involved and this is the one he chose. I explained the reason to Ken, and it was the roster spot."

Griffey spoke to his teammates briefly, then left the clubhouse. He declined comment.

The Reds needed a roster spot for Chris Hammond, who was scheduled to start Saturday and hadn't been officially added to the roster.

Griffey had started five games at first base and four in left field this season. He also had pinch-hit 31 times. Overall, he was hitting .206 with one homer and eight RBI.

NYT

Griffey: Roster spot needed.

His son, Ken Jr., who plays for the Seattle Mariners of the American League, made the all-star team this year.

Griffey spent 13 seasons in the Reds' organization after being drafted in June 1969. He was first called up in 1973 and played his first full major-league season in 1975, when the Reds won the first of two consecutive World Series titles. Griffey hit .305 in 1975 and .336 the next year.

In nine seasons for the Reds, Griffey hit .310, the eighth-best mark in club history.

Burrell Wins 100 Meters, Then Joins In a U.S. Relay Triumph in Cologne

Compiled by Our Staff From Dispatches

COLOGNE — Leroy Burrell won the 100 meters Sunday, then led a quartet from the Santa Monica Track Club to victory in the 4x100-meter relay at a Grand Prix track and field meet.

Burrell was timed in 10.15 seconds in the 100 meters, defeating American compatriots Mike Marsh and Calvin Smith. It was his third victory at that distance in five days, with earlier triumphs in Zurich on Wednesday and West Berlin on Friday, although the time was well off his year's best of 9.96 seconds.

Burrell then joined Mark Witherspoon, Floyd Heard and Carl Lewis on the relay team that finished the 4x100 in 38.49 seconds, 66-hundredths of a second off the world mark set in 1984.

Lewis, who did not participate in any individual events in the meet, said the four had not run together since late July.

"We had no practice since then," said Lewis, "so we are satisfied with this time in Cologne. We wanted to break the world record, but the main thing was to please the crowd."

Michael Johnson of the United States, a specialist in the 200 meters, beat the Olympic silver medalist Butch Reynolds in the 400 meters with a time of 44.25. That was a personal best for Johnson, which he said surprised him because "it was my third 400-meter race this year."

In the women's events, Cuba's Ana Quirot ran the fastest 400 meters of the year, clocking 50.03 to beat Pauline Davis of the Bahamas.

Another best time of the year was ran by Khalid Skah of Morocco, who won the 3,000 meters in 7 minutes, 37.09 seconds.

Jamaican sprinter Merlene Ottey continued her unbeaten run this year when she took the 200 meters in 21.81. *(AP, UPI, Reuters)*

■ **East German Finale**

The East German national championships, which once seemed like a mini-Olympics because of the high caliber of the competition, concluded for the 41st and final time on Sunday. The Associated Press reported from Dresden.

East and West Germany are expected to reunify by the end of the year. Most of the sports organizations in the two countries, including the Olympic committees and the track federations, already have agreed to merge.

East Germany led all nations with 27 medals in track and field at the 1988 Summer Olympics. Yet the three-day competition in Dresden, which ended when Olympic champion Sigrun Wodars edged her longtime rival, Christine Wachtel, in the women's 800 meters, bore little resemblance to previous East German championships.

Most of the top athletes competed so they could be chosen for the European Championships in Yugoslavia this month, but performances were mediocre. Few fans attended, even though the gates to Heinz Steyer Stadium were left open.

As the competition began Friday, officials announced that no more than 50 of the 590 current East German track coaches will be employed by a unified federation.

Steinbrenner: Will Quit Post

Compiled by Our Staff From Dispatches

NEW YORK — George Steinbrenner intends to step down Monday as managing general partner of the New York Yankees, according to one of his lawyers, and wants no part of a suit, filed by two of the team's limited partners, that seeks to keep Steinbrenner in charge.

Steinbrenner "intends to comply with the agreement he made with the commissioner," the lawyer, Stephen E. Kaufman, said Saturday.

The commissioner's office faxed letters to the 18 limited partners Friday, demanding to know whether they would join the suit. Fourteen responded that they would not.

The only partners who failed to announce their plans were Steinbrenner's wife, Joan, and New York silk importer William Rose Sr. Rose did not receive the letter in time to respond.

Steinbrenner named Jack Lawn, former head of the Drug Enforcement Administration, to serve as the team's interim general partner. Limited partner Robert Nederlander was picked Wednesday to succeed Steinbrenner but must be approved by the commissioner and both leagues' owners. *(AP, WP)*

SIDELINES

Mottet Overtakes LeMond in Zurich

ZURICH (Reuters) — Charly Mottet became the first Frenchman to win the Championship of Zurich on Sunday when Greg LeMond of the United States and Claudio Chiappucci of Italy collided during a sprint to the finish of the 240-kilometer (148-mile) World Cup cycling race.

"It is a great sprint victory for me, because I thought that Greg LeMond was the fastest sprinter among us," said Mottet.

LeMond, three-time winner of the Tour de France and twice world road race champion, finished second in the same time as Mottet and Chiappucci. "I don't know if I bumped him or he hit me," said LeMond. "It certainly slowed me."

Australia Tops New Zealand in Rugby

WELLINGTON, New Zealand (AFP) — The All Blacks, undefeated for almost four years, lost a rugby test match to Australia, 21-9, on Saturday. It was the first loss for the New Zealanders since a drubbing by France in November 1986.

Australia won by a converted try and five penalty goals to two penalty goals and a dropped goal. *(See Scoreboard.)* The All Blacks, who won the first two tests by 21-6 and 27-17 in the three-match series, next play France in November.

French Yearling Brings $1.2 Million

DEAUVILLE, France (AP) — A Japanese businessman, Kihachiro Watanabe, has paid a record-equaling 6.5 million francs ($1.2 million) for a yearling at the French Sales Agency for Thoroughbreds in an auction dominated by the Japanese because of the Gulf crisis.

The bid for the 18-month-old colt, sired by Sadler's Wells out of Hara du Quesnay, equaled that of Sheikh Mohammed al Maktoum last year for Gainsborough Stud. Watanabe said his colt will be trained in France.

James Wins English Open Playoff

SUTTON COLDFIELD, England (AP) — Mark James of Britain birdied the first hole of a sudden-death playoff Sunday to beat Sam Torrance of Scotland for the English Open title after heavy overnight rains delayed the start of the final round for more than three hours.

James shot 3-over-par 75 for the round and Torrance, the second-round leader, shot 73 to finish 72 holes at 284. David Feherty of Northern Ireland was at 285 with Seve Ballesteros of Spain at 287.

● In Castle Rock, Colorado, Eduardo Romero of Argentina and José María Olazábal of Spain each had 26 points under the modified Stableford scoring system Saturday and led the 24 qualifiers into Sunday's final round of the International golf tournament.

For the Record

Terry Butcher, captain of England's team in the later part of the World Cup, said Sunday he was retiring from international soccer. *(Reuters)*

Rhythm, a champion 2-year-old who had been a disappointing 3-year-old, came from last place to win the $1,178,500 Travers Stakes at Saratoga Race Track in New York by 3½ lengths on Saturday. Favored Go and Go, the Irish-based colt making his first start since winning the Belmont Stakes on June 9, finished seventh. *(NYT)*

Michael Cooper signed a two-year contract with Il Messaggero of Rome of the Italian League on Saturday, a day after clearing NBA waivers following his release by the Los Angeles Lakers. He reportedly will make more than his 1989-90 NBA salary of about $600,000. *(AP)*

Oslo was picked Sunday by the International Cycling Union as site of the 1993 world cycling championships. *(AFP)*

Nigel Benn of Britain retained his World Boxing Organization middleweight title by stopping Iran Barkley of the United States in the first round of their 12-round bout Saturday in Las Vegas. *(AP)*

Paul Banke of the United States stopped Lee Ki Jun of South Korea in the 12th round to retain his World Boxing Council super bantamweight title Saturday in Seoul. *(AP)*

Loreto Garza of the United States decisioned Juan Martin Coggi of Argentina to win the World Boxing Association super lightweight title Friday night in Nice, France. *(AP)*

Quotable

● Catcher Dann Bilardello, sent to the minors by the Pittsburgh Pirates: "I'm trying not to put too much pressure on myself, but I'm putting too much pressure on myself not to put too much pressure on myself."

Catch 42: Fisk Attributes Homer Mark to Longevity

The Associated Press

ARLINGTON, Texas — Carlton Fisk of the Chicago White Sox has broken Johnny Bench's career home run record for catchers by hitting his 328th.

Fisk's homer came in the second game of a doubleheader between the White Sox and the Texas Rangers on Friday night. The Rangers beat the White Sox, 1-0, in the opener, then the White Sox won the second game, 4-2.

With the White Sox leading, 1-0, Fisk triggered a three-run second inning by hitting a 2-1 pitch into the left-field seats. Fisk, 42, has 349 career home runs, 328 as a catcher.

It also was Fisk's 187th homer as a member of the White Sox, breaking a tie with Harold Baines for the team career mark. And, Fisk's homer was his 45th since he turned 40, which put him third on the 40-and-over list.

Fisk celebrated with five bottles of champagne in the White Sox dressing room, pouring out a glass for the pitchers first. He said the record speaks for his longevity.

"I know I've played a long time and had a lot of obstacles to overcome to be where I am now," said Fisk, "and that feels good."

He hit his home run off a 43-year-old pitcher, Charlie Hough.

Fisk said he found it strange that he secured the record for home runs by a catcher and home runs by a member of the White Sox with the same swing of a bat.

"I guess that's a dream scenario for something like that to happen," he said.

He admitted passing Bench had been on his mind.

"It has not been a burden," said Fisk, "but it has been a concern. Every time it's shoved its way into my head, my swings seemed to go out the window."

Fisk said when his career is over "I'll be able to reflect on what I did. Right now it's best to leave what happened where it happened. You can't bring yesterday or last year to the ballpark with you."

Fisk's homer highlighted a noteworthy Friday in baseball:

● Bob Tewksbury pitched a one-hitter, losing his bid for the first perfect game in the St. Louis Cardinals' history on a leadoff double in the eighth inning by Franklin Stubbs of Houston. The Cardinals went on to beat the Astros, 5-0.

Stubbs was the only batter to reach base for the Astros.

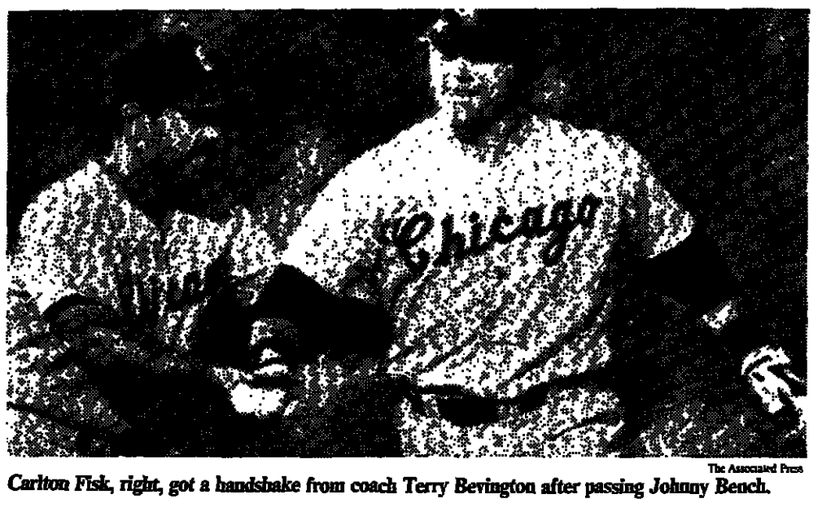
● Bob Welch won his 20th game faster than anyone since 1973, pitching the Oakland Athletics past the Baltimore Orioles, 8-3.

Welch (20-4) gave up three runs and nine hits in eight innings. He became a 20-game winner for the first time in 12 years in the majors, having never won more than 17 games before this season.

Welch reached the 20-victory mark faster than any pitcher since Wilbur Wood of the Chicago White Sox did it on July 29, 1973.

"The best part about winning 20 games," said Welch, "is that we're in first place. That makes it really special.

"I've set out to win 20 every year I've played the game. It feels good because I've been helping the team win."



The Associated Press

Carlton Fisk, right, got a handshake from coach Terry Bevington after passing Johnny Bench.

Cubans Near Baseball Title

United Press International

EDMONTON, Alberta — Orestes Kindelan hit two home runs to lead Cuba to a 14-0 rout of Nicaragua in the first game of the best-of-three final at the World Baseball Championships.

A victory on Sunday by the undefeated Cubans would give them their fourth consecutive amateur baseball title and 20th since the tournament began in 1934.

Also on Saturday, Kim Ki Tae and Jang Kwang Ho hit back-to-back home runs in the third inning to lead South Korea to the bronze medal with a 7-4 victory over Puerto Rico.

In the first game of the gold medal final, Cuba took a 6-0 lead in the first inning off starter Asdrudes Flores. Right-hander Lazaro Valle was the winning pitcher, extending his string of scoreless innings to 21.

Chuck Robinson/The Associated Press

Peter Lundgren of Sweden celebrated after Saturday's semifinal.

Becker Defeats Lundgren To Take U.S. Hardcourt

United Press International

INDIANAPOLIS — Boris Becker will enter the U.S. Open with renewed confidence, having snapped a three-match losing streak in tournament finals with a victory on Sunday in the U.S. Men's Hardcourt Tennis Championships.

The three-time Wimbledon winner and defending U.S. Open champion defeated Peter Lundgren, 6-3, 6-4, for the $137,500 top prize. Despite the triumph, the West German remained third in the world rankings behind Stefan Edberg and Ivan Lendl.

The U.S. Open begins Aug. 27. Becker said Sunday, "Now I am back and it feels good going into a big tournament like the Open."

Trailing by 15-40 while serving the first game of the match, Becker rallied to hold serve and allowed Lundgren just two more points off his serve the rest of the set. Lundgren was long with a backhand shot to surrender a service break in the fourth game, giving Becker the only opening he needed to take the first set in just 31 minutes.

Sweltering temperatures slowed both players in the second set and neither held serve in the set until Lundgren survived a break point to win the fifth game. Becker also held, then broke Lundgren's serve and held twice to win the match. Becker scored the final five points of the match, four on service winners and the final one when a return by Lundgren was long.

■ **Navratilova Hurting**

Top seeded Martina Navratilova, despite a painful right knee, rallied to defeat No. 4 Zina Garrison, 6-0, 6-7, 6-4, in the semifinals of the Virginia Slims of Los Angeles tournament, The Associated Press reported.

In Sunday's final, Navratilova was to face No. 2 Monica Seles, who scored a 6-1, 6-0 victory over Mary Joe Fernandez on Saturday.

Navratilova said she was actually helped by the knee, which hampered her running but forced her to hit better shots to compensate.

"The protective sheeting on that knee gets pinched," said Navratilova, "and it's important because I lean on that knee when I serve. Because of that I started hitting the ball firmer and hitting better. I was not able to run like I normally do."

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The Stones Speak for Isamu Noguchi

By Gitte Thune-Andersen

MURE, Japan — From the plane circling to land at a coastal town on the southern island of Shikoku, hundreds of islets are visible below, each covered in luxuriant, varicolored greens breaking the glittering surface of the Inland Sea. The resulting patterns are strangely reminiscent of the carefully raked pebbles in a Japanese garden — the epitome of calculated simplicity.

Mure, an hour and a half by air from Tokyo and a drive of half an hour from the airport, is a perfect site for the Isamu Noguchi Garden Museum, which will open its doors next year.

The Inland Sea and the Japanese garden confirmed this 20th-century master's intuition of the universal order for which he searched all his life. And both assisted him in his investigation into the nature of space.

Despite the worldwide acclaim Noguchi earned during his long career, he was never especially well known among the public in Japan, perhaps because his early decision to take U.S. citizenship. Only since his death at 84 in 1988 has interest in the man and his work begun to grow in his native land.

The National Museum of Modern Art in Tokyo is working on a retrospective that is scheduled to open in 1992; elsewhere in Japan, projects for gardens and playgrounds are being added to the monuments to his hand that a traveler through the islands can occasionally spot. But none will match the splendor of the Shikoku Garden Museum.

Why did Noguchi, who traveled widely and worked most of his career in New York and Paris, choose finally to make his home in this obscure village? Once you have met his assistant, the stonecutter Masatoshi Izumi, and seen the mountainous Yashima Island nearby as its curvilinear form dips into the sea, you begin to understand. When Izumi explains that Yashima's craggy mountain is made of some of the best granite in Japan and that on its shoulder rests a shrine built for Kobodaichi (774-835), the Buddhist priest and poet of the Heian period (794-1192), the question becomes superfluous.

Noguchi fell in love with Mure when he came here in the mid-1950s to work on the sculpture that went into the Unesco garden project in Paris. By then he had already embarked on a worldwide search for a place that provided him with something close to perfect equilibrium; he found it next to the Inland Sea.

First he took apart a 200-year-old samurai house and rebuilt it here. Then he surrounded a large adjacent garden with a magnificent stone wall. Nearby he rebuilt two old *kura*, or storage barns, and transformed one into a studio and office space.

To visit the "walled area," as he called it, is to look at an illustration to a noted speech he made to a Japanese audience in 1982: "The wall around a Japanese garden is important because it gives dimension to the area enclosed. It becomes a work of art. In other words, the limits create possibilities — a world, your world."

The limits he created with his very personal stone wall at Mure certainly bring definition — and therefore power — to the space it encloses. More important, though, is what it does to each of the 100-plus pieces of Noguchi's work now within its confines.

These are elegant marvels of form executed in the carefully chosen materials. Here one is immediately reminded that the law of gravity was the other limitation Noguchi faced as a sculptor. Each piece displays the great balancing act he performed by creating tensions while maintaining equilibrium. "Always thinking in opposites, I am concerned with limits," Noguchi said on another occasion.

Walking in the walled area is like being at a grand retrospective. In one direction is the highly polished and overtly sensual "Endless Coupling"; look the other way and there is "The Magic Ring," carved in a jewel-like red Persian travertine.

In the carved stones and rough-hewn boulders that fill the garden at Mure, Noguchi emphasized the strong contrast of textures — the inner soul and outer life of each stone. "How to understand and discover its being . . . to eat the stone and know its flavor," is how he described the challenge he found in carving.

During the typhoon season of 1983, a spectacular new section of Noguchi's garden was added when the middle of an steep embankment next to the house was scooped out. Here Noguchi placed a number of large pieces. And here he wanted to stay, with the sea and surrounding mountains in view. Today some of his ashes rest inside a great boulder he chose to be placed at the embankment's summit.

Although Noguchi once said of his works that they were "a miracle of chance," his pieces are nevertheless the products of obvious formal mastery. So, in its way, is the Shikoku Garden Museum. Created from stone, which Noguchi once described as "the affection of old men," it is a place for the man who once said, "We are the landscape of all we know."

Gitte Thune-Andersen is an art historian and writer living in Tokyo.

Photographs by Kishin Shinoyama/Mizue

Isamu Noguchi (above) and with "Energy, Void and the Beginning" (1972).

LANGUAGE

A Diagnosis of Food in Medicine

By Patricia Volk

THINGS are easier to remember when they are named after something familiar, and what could be more familiar than food? It comes in every color, shape and size. And everybody eats.

The father of modern medicine figured this out 2,400 years ago. Noticing strange noises coming from the chests of some sick people, Hippocrates described the sound to his students as "bubbling like boiling vinegar." A 6-day-old embryo looked like "a raw egg with no shell." And in acute jaundice, the patient's skin was "very much like the color of a pomegranate peel."

Following in Hippocrates' footsteps, the Romans named the *lens* of the eye after the biconvex seed of the lentil plant. *Pisiform bones* in the wrist resembled pisum, which is Latin for "peas." It's not hard to picture some Roman physician, on discovering a bone in the head shaped like a *faba* (Latin for "bean"), saying, "*Mirabile dictu*, this looks just like a *fabella*!"

The medical cornucopia is loaded with fruit. *Cherry hemangiomas* are raised red spots on the skin. The bulge in a man's thyroid cartilage is called an *Adam's apple*; when Adam took a bite of the forbidden fruit, the legend goes, it got stuck there. The ancient Hebrews, partial to apples, used them to describe kneecaps, tonsils and the heads of bones. In Latin, cheekbones are *poma facies*, or "face fruit."

Grapes have been popular, too. In 1666, the Italian anatomist Marcello Malpighi described glands as bunches of grapes on a stalk. The Latin word for "grape" is *uva*, which is why the thing that dangles at the back of your throat is called a *uvula*. Streptococcus, the once-deadly bacteria, gets its name from the Greek *streptos*, for "chain," and *kokkos*, for "berry."

Speaking of berries, a tropical disease called "yaws" produces skin lesions that look like raspberries, hence its Latin name, *framboesia*, which stems from the French word "framboise," for "raspberry." A *berry aneurysm* is a small dilation of an artery in the head.

In the 1800s, Sir Benjamin Collins Brodie, Queen Victoria's surgeon, served up lots of food analogies. In a series of lectures at the Royal College of Surgeons in London, his observations on human anatomy were full of references to peas, chestnuts, walnuts, horsebeans, oranges, egg whites and pigeon eggs. *Melon-seed bodies*, for instance, were small fibrous masses lying loose in joint cavities or tendon sheaths.

A few years later, Dr. Ernst Haeckel, the German biologist, described the "mulberry-like formation" of cell division in a fertilized egg. Mulberries still get around: A tooth with more than the usual four cusps is called a *mulberry molar*.

□

Food metaphors are a common teaching tool.

"*Strawberry tongue* means scarlet fever," Dr. Richard L. Saphir tells his pediatric residents at Mount Sinai Hospital in New York. "*Raspberry tongue* means it's in a late stage."

A patient with epiglottitis — or inflammation of the epiglottis — has *hot-potato voice*. Circular layers growing around stripped nerve sheaths are *onion-bulb formations*. And when a swelling stretches the skin so much that pores become visible, doctors call it *peau d'orange*, or "skin of an orange."

As a student, Dr. Anthony F. Jahn — a collector of rare medical books and an ear, nose and throat specialist at the New Jersey Medical School — was taught that performing a curettage, a type of tissue removal, should feel and sound like "the scraping of a raw pear." When a woman has *chocolate cysts* (which are more formally known as endometriomas), the condition, like *oyster ovaries*, can mean infertility.

Food imagery sometimes helps patients feel better. On occasion, new mothers have a condition called phlegmasia alba dolens (phlegmasia = inflammation, alba = white, dolens = pain), which sounds much less threatening when a physician refers to it as *milk leg*.

On the other hand, seven or more *café au lait spots* (brownish splotches on the skin) at birth suggest von Recklinghausen's disease, a.k.a. neurofibromatosis, a.k.a. Elephant Man's disease.

Kenneth M. Prager, associate clinical professor of medicine at the Columbia College of Physicians and Surgeons in New York, is not happy when he hears *soupy secretions* in his patients' lungs. But no treatment is necessary when a chest X-ray reveals the only couch-potato food in modern medicine: *popcorn-ball calcifications*. "That's exactly what a benign hamartoma looks like," Prager says. "Parts of the body go haywire and recreate parts of the body. Hamartomas are made up of teeth, hair and cartilage."

These days, an internist can take a blood sample and get a computer diagnosis. Even so, clots are still described as *cranberry* or *chicken-liver clots*. Patients have *caviar spots* (little black lumps from the dilations of vessels), *salmon-patch famineus* (benign skin lesions), *apple-jelly nodules* (a skin disorder), *nutmeg liver* (venous congestion in the organ), *anchovy liver* (caused by an amoebic infection) or *garlic finger* (swelling at the last joint, caused by osteoarthritis).

□

There's no literary prize for coiners of these medical terms, but if there were, it might go to whoever named an inflammation of the tissues around the heart. When you peel them apart, they kind of still stick together, hence *bread-and-butter pericarditis*.

Trouble is, sometimes things get confusing. Lumps and bumps come in so many sizes — grape, almond, walnut, plum or grapefruit. During a checkup, a doctor tells a woman not to worry unless she feels something pea-sized. Does he mean giant Wandos, seven to the pod, or Petit Provençals? When talking about the brain (which has the consistency of Jell-O), neurologists refer to the *olivary nuclei*, or "olives of the brain." Do they mean Spanish California, Kalamata, Moroccan or Niçoise? Jumbo, colossal or super colossal?

You don't have to go to medical school to recognize a cauliflower ear, corns on your toes or liver spots on your hands. But here's some food for thought. Why do doctors call bent toes "hammertoes" when they don't look like hammers at all? Anyone who's got hammertoes knows they curve like macaroni. How come when you sit in the sun too long and get a sore on your lip it's called a "cold sore" even though it has nothing to do with the cold and looks like salmon roe? Why is chapped skin "chapped"? Chaps are what cowboys wear. Anyone whose skin gets dry and rough every winter knows it looks exactly like Parmesan cheese.

Patricia Volk recently had published a collection of short stories titled "All It Takes." William Safire is on vacation.

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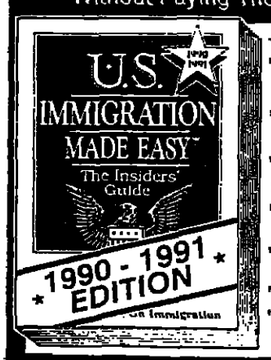

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